



ANNUAL REPORT FROM THE
SUPERINTENDENT
OF
THE BUREAU OF FINANCIAL INSTITUTIONS
TO THE LEGISLATURE

PREPARED BY THE STAFF OF THE
MAINE BUREAU OF FINANCIAL INSTITUTIONS

January 15, 2004

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Governor

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INTRODUCTION

Today, there are 127 financial institutions chartered in Maine. Of those 127 institutions, 51 are state chartered banks and credit unions and 76 (15 banks and 63 credit unions) are federally chartered. The statutory mission of the Maine Bureau of Financial Institutions only applies to state chartered banks and credit unions. The Bureau does not have supervisory or statutory responsibility for collection agencies, credit reporting agencies, credit services organizations, rent-to-own companies, pawnbrokers, mortgage companies, personal finance companies, money order issuers, check cashers, foreign currency exchangers, non-bank ATM machines or debt management companies, since these entities are regulated by the Office of Consumer Credit Regulation within the Department of Professional and Financial Regulation.

The primary mission of the Bureau is to ensure that those state chartered financial institutions are supervised in a manner to ensure the strength, stability and efficiency of all of them. The Bureau is also dedicated to assuring reasonable and orderly competition among those institutions, thereby encouraging the development and expansion of those financial services advantageous to the public welfare. A natural corollary of the Bureau's mission is the necessity to maintain close cooperation with other state supervisory authorities as well as federal regulators. As importantly, pursuant to Title 9-A, each financial institution must be supervised in a manner that protects consumers against unfair practices, and encourages the institution to provide an array of educational opportunities that foster the development of economically-sound consumer credit practices by Maine citizens.

The Bureau is organized into two Divisions: one for research and administration and the other responsible for examination and supervision. The Division of Examination and Supervision, which is responsible for the on-going regulation of state-chartered financial institutions, provides the most critical components to effective oversight of the industry. Maine Banking Law requires that each state chartered financial institution be examined once in every 36 month period. The Division of Examination and Supervision is responsible for conducting on-site examinations as well as the development and the implementation of subsequent enforcement initiatives. The Division partners with

federal regulators to assure timely, comprehensive examination of each institution in the areas of safety and soundness, compliance, information technology, and trust services. Regulatory oversight continues to be streamlined by employing technology to the greatest extent practicable and affordable.

The Research and Administration Division is responsible for code enforcement, including legislative activities, rule-making, and the issuance of interpretative guidance for both the Maine Banking Code (Title 9-B) and the Maine Consumer Credit Code (Title 9-A). In addition, the Division manages the offsite monitoring of state-chartered financial institutions, including examination of web pages, analyzes and recommends action on applications filed by the regulated industry, and provides consumer mediation/education services.

Through its consumer mediation/ education services, the Bureau provides a resource to Maine consumers and business that have concerns or questions regarding their relationships with state chartered financial institutions. Bureau Outreach Staff typically respond to over 1,000 complaints and inquiries a year, which result in thousands of dollars in restitution or cost savings for consumers. Under the dual chartering system, a financial institution can be either state or federally chartered, and the Bureau is the primary regulator of Maine-chartered financial institutions. Many consumer complaints are with federally chartered financial institutions. In those instances, the complainant is referred to the primary federal regulator: the Office of the Comptroller of Currency for national banks or the Office of Thrift Supervision for national thrifts (savings banks and savings and loan associations). In addition to the mediation services, the Bureau has developed several informational brochures for consumer outreach purposes and, as resources allow, participates in seminars for targeted audiences (e.g., the elderly). Currently, federal regulators provide substantial educational materials which the Bureau also disseminates or the Bureau provides Internet website links that accesses the same or similar information. Many local banks and credit unions willingly provide educational programs.

The Bureau of Financial Institutions is funded through assessments and other fees paid by the state chartered financial institutions. These dedicated funding mechanisms have proven adequate to support the statutory mission of the Bureau. The

loss of a sizeable financial institution or any unexpected non-Bureau withdrawals from this agency's cash balance will, of course, negatively impact the financial stability of the Bureau.

Over the past year, the Comptroller of the Currency has argued that there are inherent instabilities with a state's ability to fulfill its ongoing chartering and supervisory obligations and responsibilities. The contention is that, in troubled budgetary times, state legislatures are unwilling to or simply can not support the budgetary and human resource levels required to effectively supervise state chartered banks and credit unions. This argument belies the fact that state legislative bodies are--and have been for many years--firmly convinced that a state chartered financial system and its individual financial institutions must operate in a safe-and-sound manner, and that the consumers of those financial services must be treated fairly and equitably. This conviction is typically evidenced by a state's ability to hire and retain a well-educated and highly trained examination staff and its willingness to commit to ongoing and longer term staff education and training.

Within the next five years, over 50% of the Bureau's professional staff will be in a position to retire from state service. The Bureau has recently hired several new entry level Examiners, and meaningful resources are being expended to train those professionals. Historically, an entry level Examiner does not reach a level of expertise in the highly technical field of financial institution examination until he or she has received three years of extensive training. Even more recently, Bureau examination staff was expanded to include two new limited term entry level positions that are funded through fiscal year end 2005. They too have begun their extensive training. Based upon the Bureau's current examination workload, retention of these positions and their incumbents will be mandatory, if the Bureau is to fulfill its statutory examination responsibilities and obligations.

The foregoing captures the essence of the Bureau: who we are and what we do. The following sections of the Annual Report reflect the condition of the industry subject to the Bureau's supervisory oversight as well as past and future business challenges for the regulated industry. The financial services industry continues to evolve. The Bureau of Financial Institutions must evolve as quickly to keep pace with the industry it

regulates, and this will require flexible fee programs to ensure the agency's financial stability and the use of those financial resources to employ, train and retain an ongoing core of highly-qualified professional staff. New financial institutions' products and services are being offered continuously. Systems have become increasingly sophisticated and the use of technology is ubiquitous. The Bureau of Financial Institutions is continually confronted with the need to provide for staff education and training to keep pace, both with the transformation of the regulated industry as well as the technological advancements made in the regulatory environment. The Bureau of Financial Institutions currently has adequate sources of revenue to fund its operations and employ a cadre of professionals essential to fulfill the mission of the organization. With these resources, the Bureau can maintain a strong and vigilant presence, protecting Maine citizens and ensuring the safe and sound operation of Maine-chartered financial institutions. A strong state regulator promotes public confidence.

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SECTION I

2003 ISSUES IMPACTING DUAL CHARTERING

Federal Preemption: Impact on State Regulation

Financial institutions in the United States are governed by a complex arrangement of federal and state agencies. Initially, banks were only chartered under state laws. Indeed, the Bureau of Financial Institutions has a record of Maine banks that were in existence in 1855. In 1863, the Congress passed the National Currency Act which created the Office of the Comptroller of the Currency (OCC) within the Treasury Department to issue bank notes that were used to finance the Civil War. The National Currency Act was extensively rewritten and strengthened in the National Bank Act of 1864. Fifty years later, currency issuance was shifted to the newly created Federal Reserve System (FRS) and the OCC, by default, became the primary regulator of national banks. The Federal Deposit Insurance Corporation (FDIC) was created in response to the Depression of the early 1930's. Such was the genesis of the financial services regulatory system under which all banks operate today.

Over the course of many years, the complexity of this nation's bank regulatory scheme has increased with the passage of new laws, rules and judicial decisions. Most recently, the Gramm-Leach Bliley Act of 1999 eliminated the restrictions on many activities of the financial services industry. As a result of that law, banks can now own organizations that sell insurance, offer investment advice, and engage in securities broker dealer transactions. However, with the passage of that legislation, the regulatory oversight of diversified financial service organizations now include not only the federal bank regulators (OCC, FRS, FDIC, OTS) but also the Securities and Exchange Commission, the Federal Trade Commission and state regulators of securities and insurance.

Through the years, the states have acted as a laboratory for innovation in the financial services sector. States frequently develop new forms of financial services, which then spread nationally through federal action. For example, the states originated both checking accounts and branch banking. Negotiable Order of Withdrawal (NOW)

accounts were invented in Massachusetts as a device to permit banks to allow withdrawals from interest bearing savings accounts by a check-like instrument. States have also been instrumental in the development of trust services, electronic funds transfer systems, and enactment of truth-in-lending laws. In the mid-1980's Maine enacted an interstate banking law that permitted interstate bank holding company acquisitions. At that time, only two other states in the nation (New York and Alaska) had similar statutes. Since then, interstate banking has been permitted through the enactment of federal laws.

The United States financial system is comprised of institutions that may be either state or federally chartered. This charter of choice dictates whether the institution will be regulated by, and subject to, the laws of a specific State or whether the federal regulatory scheme will provide the necessary oversight. This "dual banking system" has been in existence for over 140 years and, while somewhat complex in its structure, it functions efficiently and ensures sound banking practices.

Recent activities by the primary national bank regulator, the Office of the Comptroller of the Currency (OCC), threatens to seriously undermine the American dual banking system, and sweep away most state consumer protections, leaving consumers across the country vulnerable to deceptive trade practices. The OCC has taken several unprecedented steps to assert its exclusive jurisdiction over the operation of national banks and their operating subsidiaries. In July 2003, the OCC issued a broad-based preemption of the Georgia Fair Lending Act, one of the nation's toughest predatory lending laws. The OCC's position that the subsidiaries of national banks need not adhere to state licensing requirements served as the basis for litigation in Connecticut during the past year¹. That litigation bonded state banking departments and state attorneys general across the nation, many of whom signed an amicus brief filed in support of the State of Connecticut.

On August 5, 2003, the OCC issued rules for public comment. Those rules propose to override any state law that has any impact on a national bank or its operating subsidiaries. That initiative, which would dramatically alter the state/federal relations and eviscerate state consumer protection laws, has been opposed by a

¹ Wachovia Mortgage Company v. Burke (State of Connecticut Banking Department)

coalition of national and state authorities. Comments of strong opposition have been filed with the OCC by the National Governors Association, the National Conference of State Legislatures, the National Association of Attorneys General, the North American Securities Administrators Association, and the Conference of State Bank Supervisors. In addition, ten members of the federal Senate Committee on Banking, Housing and Urban Affairs sent a letter to the OCC expressing a continuing concern with the broad based preemptive approach and urging deferral of any further rulemaking.

Fair Credit Reporting Act – Amendment Summary

In December of 2003, the federal Fair and Accurate Credit Transaction Act² made significant amendments to the Fair Credit Reporting Act.³ The Fair Credit Reporting Act was created to protect consumers from the transmission of inaccurate credit information about them and to establish credit reporting practices that utilize accurate, relevant and current information. In an effort to create uniform national credit standards, the Fair Credit Reporting Act, and the new amendments, preempt state laws that more stringently regulate how businesses share, use and report consumer data.

In August of 2003 the National Association of Attorneys General, joined by Maine Attorney General, G. Steven Rowe, wrote a letter to Washington legislators urging them to allow the preemption provisions of the Fair Credit Reporting Act to sunset as scheduled on January 1, 2004 and to refrain from enacting any new provision that would preempt states from enforcing or enacting laws related to credit reporting. The letter explained the vital role played by state laws and state enforcement in promoting fair and accurate credit reporting and in protecting consumers' right to privacy and to access and correction. The Attorneys General sought a national floor that would permit states to use additional approaches to consumer protection that are consistent with the federal law. Despite the efforts of the Attorneys General, the Fair and Accurate Credit Transaction Act made the existing preemption permanent and extended preemption into new areas.

² Pub. L. 108-159

³ 15 U.S.C.S. § 1681 et seq.

The preemption provisions of the Fair Credit Reporting Act that were not allowed to sunset involved such areas as the prescreening of credit reports used for unsolicited offers of credit or insurance, the procedures for responding to disputes pertaining to the accuracy of credit reports and the duties of users of credit information. The law also preempted state law pertaining to the type of information included in credit reports, the responsibilities of persons who furnish information to the reporting agencies and the exchange of information among affiliated companies.⁴

The new amendments to the Fair Credit Reporting Act extend preemption to the regulation of identity theft. The new law contains provisions related to one-call fraud alerts that require reporting agencies, upon request of the consumer, to place fraud alerts in the consumer's file. The new law also preempts state law with respect to requirements for the truncation of credit and debit card account numbers. Merchants are prohibited from printing more than the last 5 digits of the card or the expiration date upon any receipt provided to a cardholder. The law preempts state law with respect to restrictions on the use of marketing solicitations based on credit information shared among affiliates. Consumer reporting agencies must now block information from a consumer's report if that information results from identity theft.

Further protections against identity theft require federal banking agencies, the National Credit Union Administration and the Federal Trade Commission to provide guidelines for financial institutions to use to identify possible risks to customers or to the safety and soundness of the institutions. The Federal Trade Commission must prepare a model summary of the rights of consumers to remedy the effects of fraud or identify theft, and require credit agencies to distribute the summary to fraud victims. In addition, the new amendments provide a free annual credit report to consumers. With respect to the frequency of the free disclosures, the amendments specifically state that preemption does not apply to the methods and conditions of disclosure found in Maine law at 10 MRSA §1316, sub-§2. Maine law already provides for free annual disclosure of consumer credit reports and permits subsequent disclosures at a set fee.⁵ The Fair and Accurate Credit Transaction Act also recognizes the relationship between discrimination

⁴ 15 U.S.C.S. § 1681t

⁵ 10 M.R.S.A. §1316, sub-§2.

and credit. It does this by requiring the Federal Trade Commission and the Board of Governors of the Federal Reserve to study and report to Congress the extent to which the use of credit scores and credit scoring models impact the availability and affordability of credit by geography, income, ethnicity, race, color, religion, national origin, age, sex, marital status, and creed.

The consumer protections found in the Fair and Accurate Credit Transaction Act emphasize the importance of a credit report to an individual's future. Inaccurate credit reports can severely limit an individual's ability to function in the marketplace. The law offers new and more restrictive measures to prevent identity theft and provide consumers a means of remedying inaccurate credit reports. As noted by the Attorneys General, however, the broad federal preemption found in the new law will significantly restrict states from applying unique perspectives to develop local consumer protections.

Unrelated Business Income Tax (UBIT)

Most tax-exempt organizations, including state-chartered credit unions, are subject to tax on their "unrelated business taxable income." UBIT is designed to tax non-profit organizations for income they derive that is not "substantially related" to the exempt purpose of the organization. The rules concerning this tax are contained in section 511(a)(2) of the Internal Revenue Code (IRS Code). The provisions of this section do not apply to federally chartered credit unions which are organized under section 501(c)(1) of the IRS Code. There is no similar exemption for state chartered credit unions. The Internal Revenue Service has conducted audits of state chartered credit unions in a growing number of states, most recently in Connecticut, Alabama, and Colorado. The initial findings of these audits would require substantial payments to the IRS by state chartered credit unions for UBIT. This disparity in tax treatment under the IRS Code is a serious impediment to the value of the state charter and is a material threat to the dual chartering system. The Bureau has been working closely with the National Association of State Credit Union Supervisors and other states to advance discussions regarding this disparate approach and reach a resolution with the IRS that provides a more level tax treatment for state and federally chartered credit unions. On the State level, the Bureau has engaged in discussions with representatives from the

Maine Revenue Service to reach a similar conclusion that aligns state tax treatment of unrelated business income tax for Maine's state-chartered credit unions.

The foregoing identifies recent events that have serious implications for the dual chartering system as a whole, and, more specifically, the value of the state charter. The passage of the Fair and Accurate Credit Transaction Act, the unprecedented preemptive posture of the Office of the Comptroller of the Currency, and the IRS's attempt to collect unrelated business income tax from state chartered credit unions, combine to place extraordinary pressures on the dual chartering system. In each instance, state officials have coalesced to form strong opposition to further erosion of state laws and the value of the state charter. At the same time, a very stubborn economic recession has left states with significant budget structural gaps. Maintaining a strong regulatory environment in the face of an extraordinary budgetary situation is a continuing challenge for the states. However, maintaining a strong state regulatory environment in the face of ongoing preemptive strikes is essential to the protection of citizens and the banking system that serves us all.

SECTION II

INDUSTRY CONDITION

Maine's financial institutions⁶ remain in sound financial condition, generating record profits in calendar year 2002. However, despite the record earnings, asset growth outpaced retained earnings, resulting in a nominal decline in capital ratios. Loan quality indicators continue to improve and generally compare favorably to national averages.

Maine Banks

"Maine Banks" consists of the 38 banks and thrifts headquartered in Maine having consolidated assets of less than \$1.5 billion.⁷ This category does not include Banknorth, Fleet National Bank and KeyBank, each a multi-billion dollar-asset bank operating banking offices in several states in addition to numerous banking offices throughout Maine. The Maine operations of each of these banks represent only a small portion of their consolidated business and Maine-specific data for each is very limited. In terms of loans and deposits, Banknorth, Fleet and KeyBank are the top three institutions in Maine. These three institutions hold 41% of Maine banking deposits. While this may seem excessive, the ten largest banks in the US (0.1% of the number of FDIC-insured institutions, one of which is Fleet) hold 30% of all deposits held by FDIC-insured institutions and the 100 largest banks (1.1% of FDIC-insured institutions) hold approximately 60% of deposits. Fleet and KeyBank, both of which are headquartered outside of Maine, hold 22% of the State's banking deposits. The share of Maine deposits held by out-of-state banks has been declining for several years and compares favorably to the national average of 30% and the New England average of 29%.

⁶ Maine's financial institutions are comprised of commercial banks, savings banks, savings and loan associations and credit unions, also referred to as insured depository institutions. For purposes of this Section, Maine's financial institutions do not include limited purpose banks such as nondepository trust companies, merchant banks or uninsured banks.

⁷ There are 14 commercial banks, 15 savings banks and nine thrift institutions in this designation: 28 of these institutions are state-chartered and ten are federally-chartered. All but one of the Maine Banks operates their banking offices solely in Maine (the one exception also has branches in New Hampshire).

Performance in calendar 2002 and in the first six months of 2003 is best described as steady and solid. Earnings ratios, while still well below their peak levels of the mid-1990s, are at their highest level in at least four years. Loan quality ratios are at their lowest (best) level in recent history and the core capital ratio increased at 6/03, reversing, even if only temporarily, a five-year trend of declining levels.

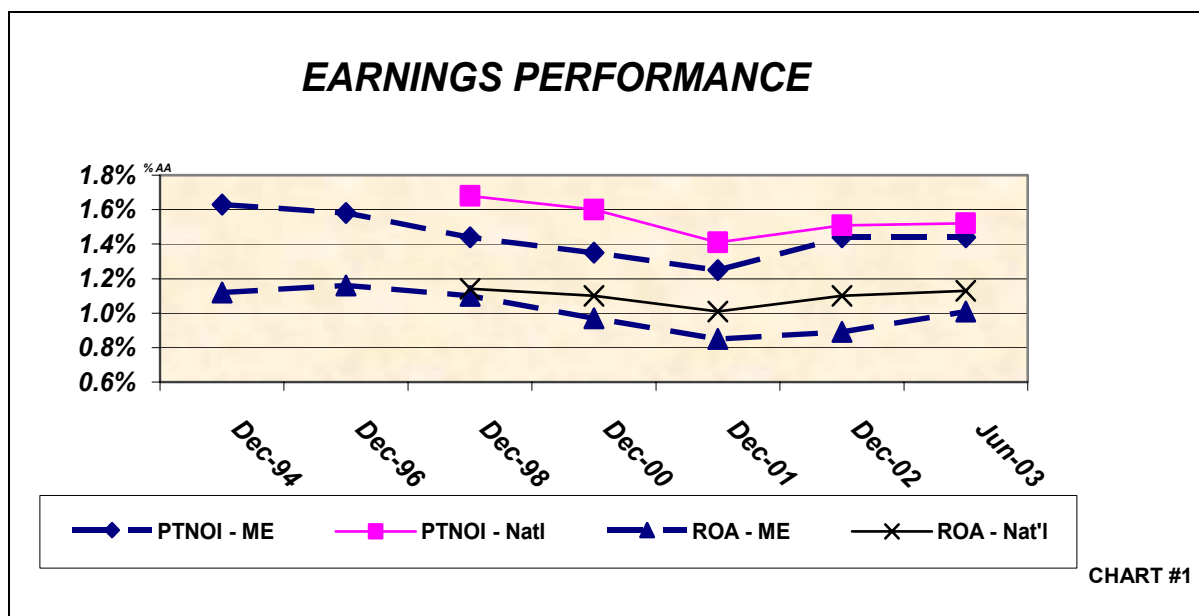
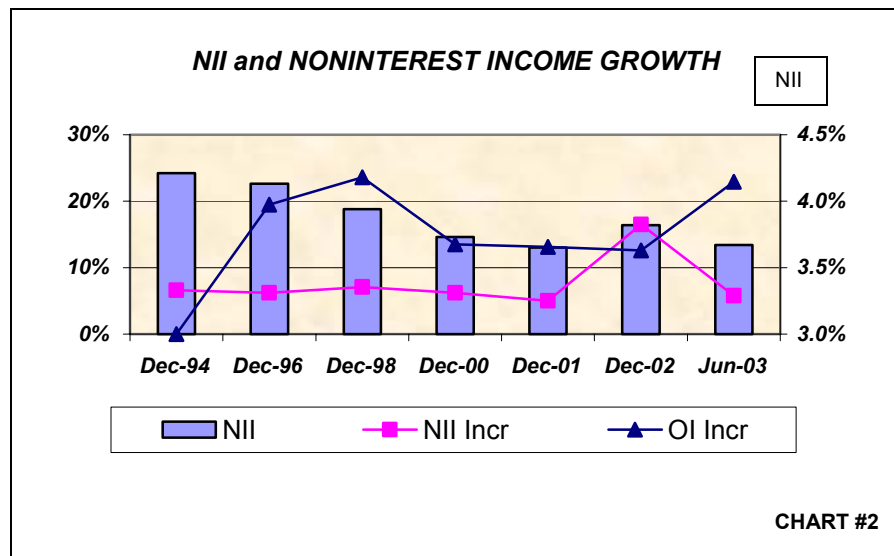


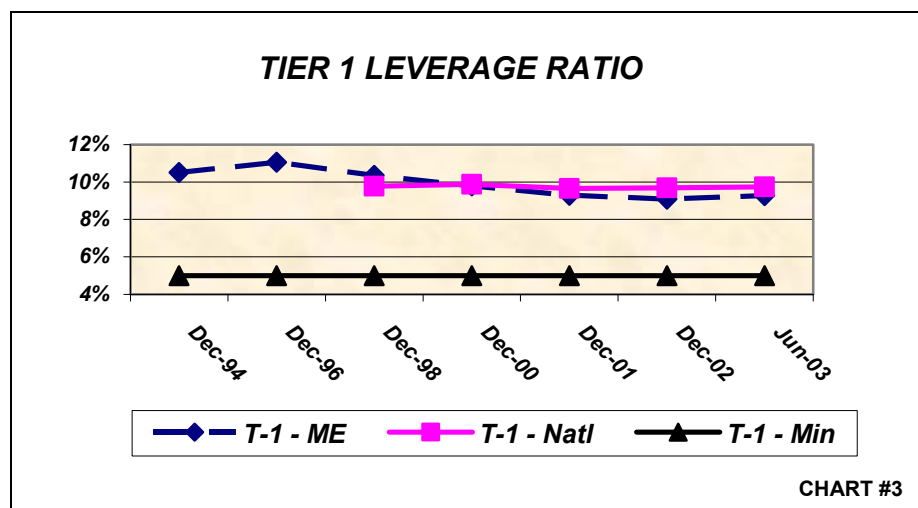
Chart #1 shows the improvement in both core operating income (income before realized securities gains/losses and income taxes) and return on average assets. It also compares the average ratio for Maine Banks to the average for all FDIC-insured banks. Profitability for the Maine Banks, while historically moving in the same direction as that for banks nationwide, has consistently lagged the national performance. This sub-performance is caused by a lower net interest margin, due mostly to the higher interest expense for the Maine Banks, which in turn is attributable to a greater reliance on interest-bearing funds. The gap between Maine Banks and all banks has steadily narrowed, dropping from 47 basis points at 12/00 to 19 basis points at 6/03. Maine Banks have consistently outperformed the national averages in terms of non-interest income, non-interest expenses and the provision for loan losses. Non-interest expenses and the loan loss provision have been extremely stable over the past ten years, but non-interest income has steadily increased, climbing from 11% of total revenues at 12/92 to 20% at 6/03. Since 1992, non-interest income has increased at an average annual rate of 15%, nearly double the rate of increase for net interest income.

2002 was only the second year, the other being 1994, that net interest income increased at a greater rate than did non-interest income. The strong gains in 2002 were due to the steep drop in interest rates and the flow of funds out of the equities markets into bank deposits. However, by the latter part of 2002 and continuing into 2003, net interest income fell back into its long term pattern of shrinking. Chart #2 shows the decline in net interest income ("NII") and compares the annual change in NII and noninterest income ("OI").

Maine Banks experienced very strong asset growth in 2002, fueled by the 12% deposit growth. However, this growth slowed considerably in the first half of 2003 to the slowest rate since mid-1996. The combination of stronger



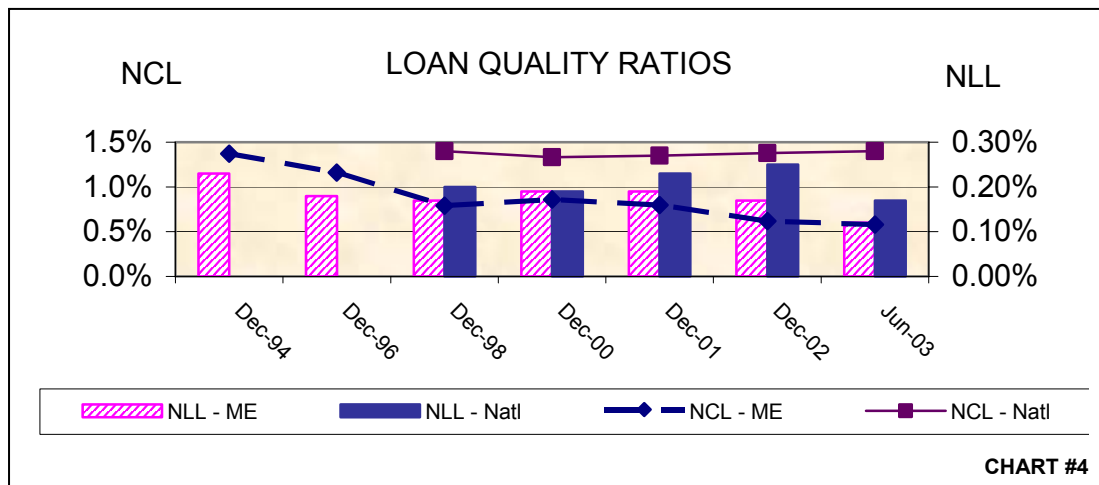
earnings and slower asset growth allowed the Tier-1 leverage capital ratio to increase for the first time since mid-1997. However, risk-weighted capital ratios continued to decline due to a shift towards riskier assets. Maine Banks' capital ratios are moderately lower than the national averages, but remain



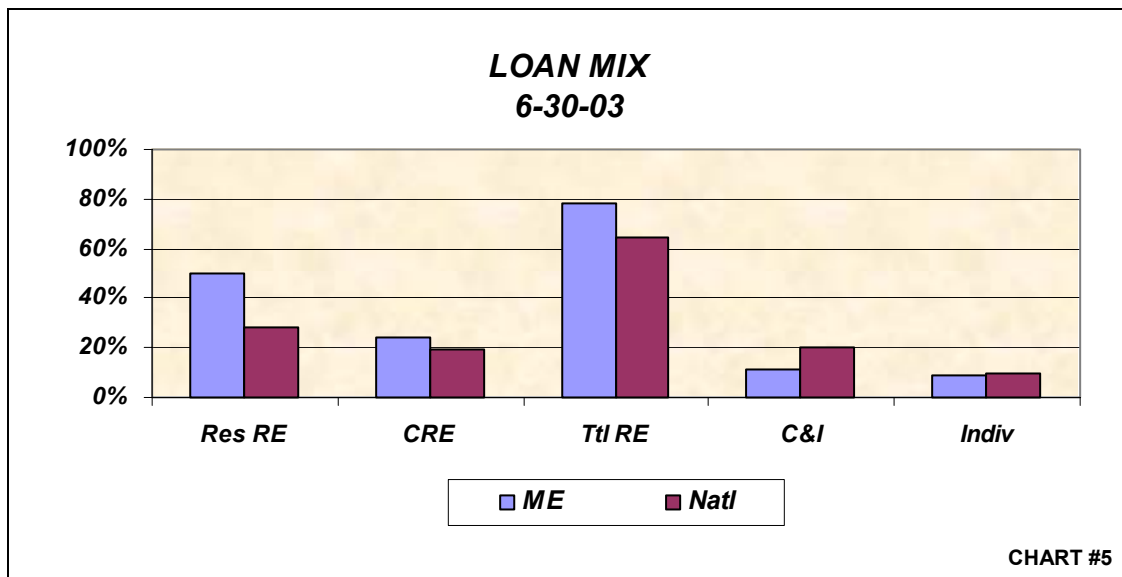
well above the minimum levels to qualify as well-capitalized under federal guidelines. See Chart #3.

Despite the lingering weak economy, loan quality indicators have steadily improved and are at their lowest (best) levels in at least twelve years. The comparisons to the national averages, particularly with respect to net loan losses (“NLL”), are not as favorable as they appear in Chart #4 due to the variances in the loan mix.

As
Chart
#5
shows,
nearly
one-half
of the
Maine
Banks’
loan



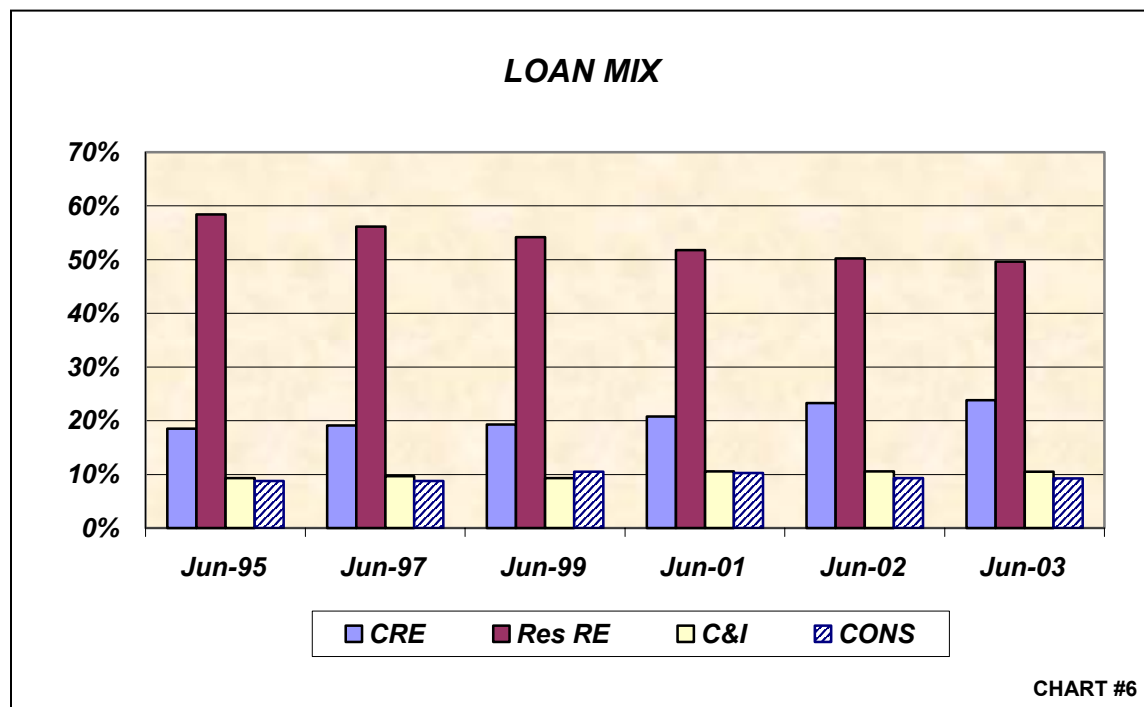
portfolio consists of residential real estate mortgages (which includes first mortgages and home equity loans).⁸ The NLL experience of residential real estate loans historically has been much lower than that for other types of loans.



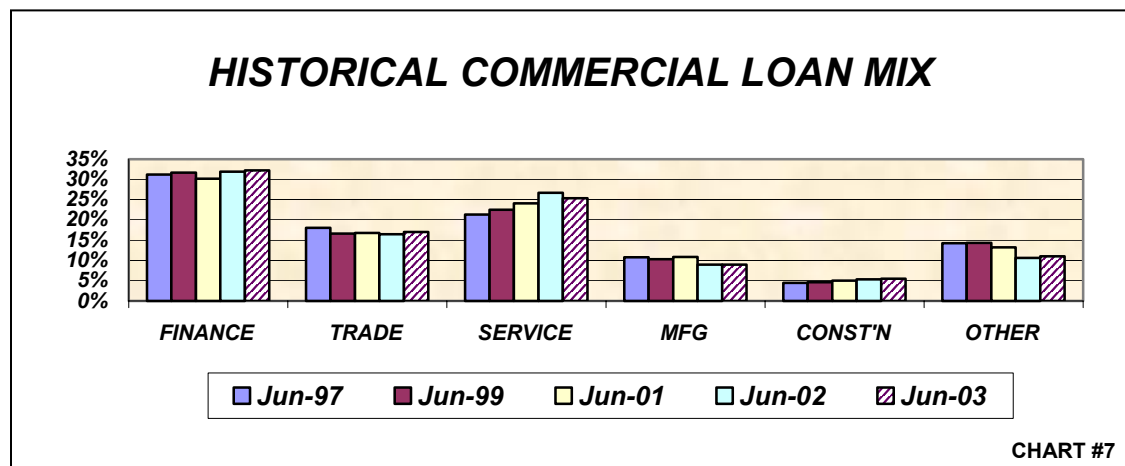
⁸ At June 30, 2003, residential mortgage loans (including home equity loans) fell below 50% of total loans for the first time in recent history. Since accounting for 61% of total loans at yearend 1992, residential mortgage loans have steadily declined as a percentage of total loans, despite more than doubling in outstanding dollars to \$4.8 billion as of 6/30/03. During this same period, the mortgage servicing portfolio of the Maine Banks has more than tripled to \$1.3 billion. This mortgage servicing portfolio represents, for the most part, residential mortgages that the banks have originated but sold to a third party.

A comparison of NLL ratios by loan type (e.g., commercial real estate, commercial and industrial, and individual) shows that the Maine Banks have consistently had a higher loss experience than the national average. Given the economics of Maine – relatively low per capita income and a very high number of small businesses – the higher loss ratios are not at all surprising.

During the 12 months ending 6/30/03, total loans held by the Maine Banks increased nearly 10%, the highest rate in three years, and climbed to 73% of total assets, up from 71% a year earlier. While all major categories of loans increased, commercial real estate loans ("CRE") was the only category that grew faster than total loans, increasing at a double digit rate for the eighth consecutive year. Except for the changes in residential real estate and CRE, there has been minimal change in the loan mix. See Chart #6.

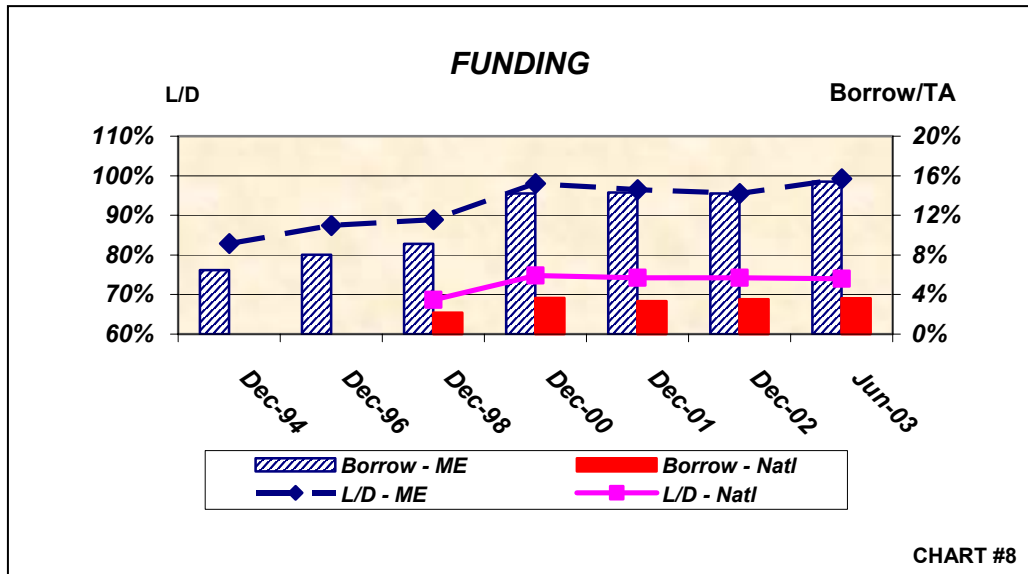


The same is true for the mix of commercial loans, reported by industry type, as shown in Chart #7.

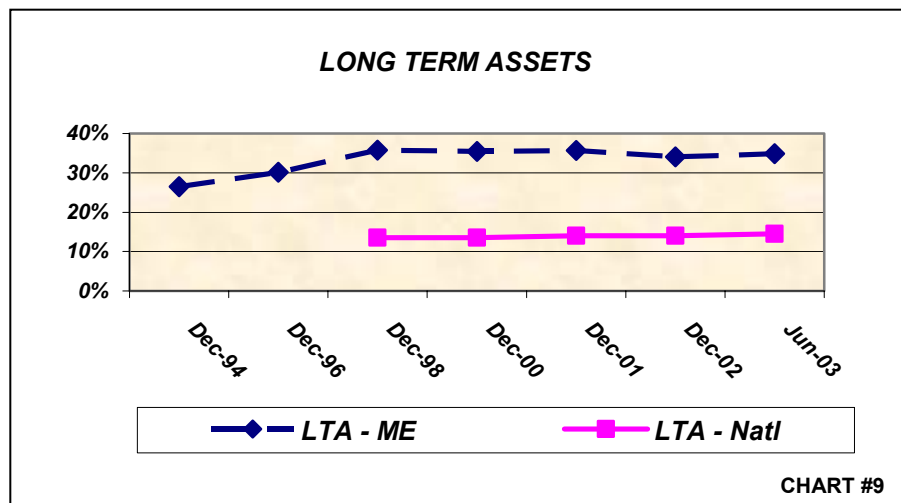


Finance loans are primarily real estate-related and include loans to real estate investors, developers and lessors, but do not include loans that are merely secured by real estate. A small number of banks accounted for the \$370 million increase in outstanding commercial loans between 6/02 and 6/03. Indeed, one of every four banks actually experienced a decrease in commercial loans. The use of government guaranteed loans continued to decline, dropping in both the number of loans and the outstanding dollars.

The weak stock market of the past few years resulted in deposit inflows for Maine Banks. However, the recent resurgence in the stock market appears to, once again, be diverting funds away from banks, slowing the growth in deposits and increasing the reliance on borrowed funds. Core deposits increased at an annualized rate of only 2% during the first half of 2003, after increasing at a 12% rate in calendar 2002. This is the slowest growth rate since 1993. Maine Banks have a much higher loan-to-deposit ratio and a much higher dependence on borrowed funds (primarily from Federal Home Loan Bank system) compared to the national average. (See Chart #8.)



This occurrence is not surprising given Maine's low per capita income, high cost of doing business and capital shortage. These relatively high levels do not appear to be significantly impairing the Banks' ability to provide credit at this time, but there are increased risks associated with the use of borrowed funds. These risks, which include cost, interest rate, liquidity and volatility, are compounded by the magnitude of long-term assets, which is primarily the result of the concentration in residential mortgages. Chart #9 compares the concentration of long-term assets in Maine Banks with the national average.⁹



Looking ahead to 2004, the key challenges for Maine Banks include loan and deposit growth, credit quality and interest rate risk. These challenges contribute to an outlook for marginal earnings growth. Earnings in 2004 are not expected to benefit to the same degree that they did in 2003 from the mortgage refinancing boom, securities gains and a reduced

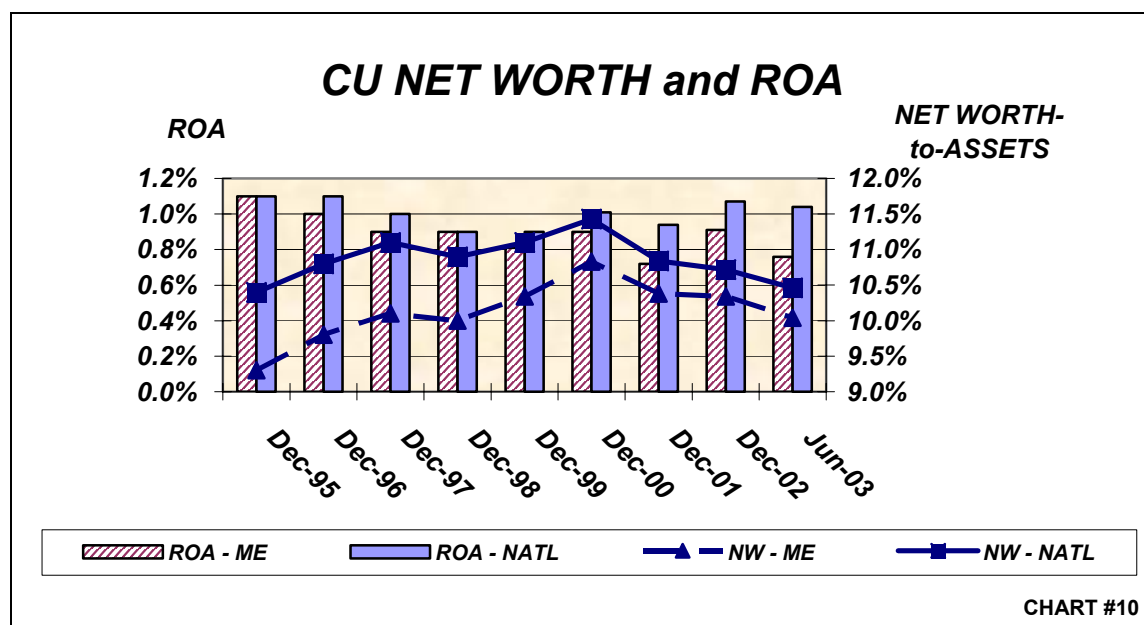
⁹ For purposes of this Section, long-term assets are defined as the sum of all loans and securities that reprice in more than 5 years.

loan loss provision, each of which was a strong contributor to 2003 earnings. Also, the risk of rising interest rates will keep the net interest margin under pressure, as will the increased competition for deposits and loans. If the economy continues to rebound, however, and commercial activity rises, then commercial loan demand should rise, generating increased revenues to at least partially offset reductions in mortgage banking and securities gains.

In addition to these challenges, all of which the banking industry has confronted for several years, bankers will continue to be tested by an industry that is becoming increasingly competitive, complex and technology dependent, all of which require more sophisticated risk management techniques.

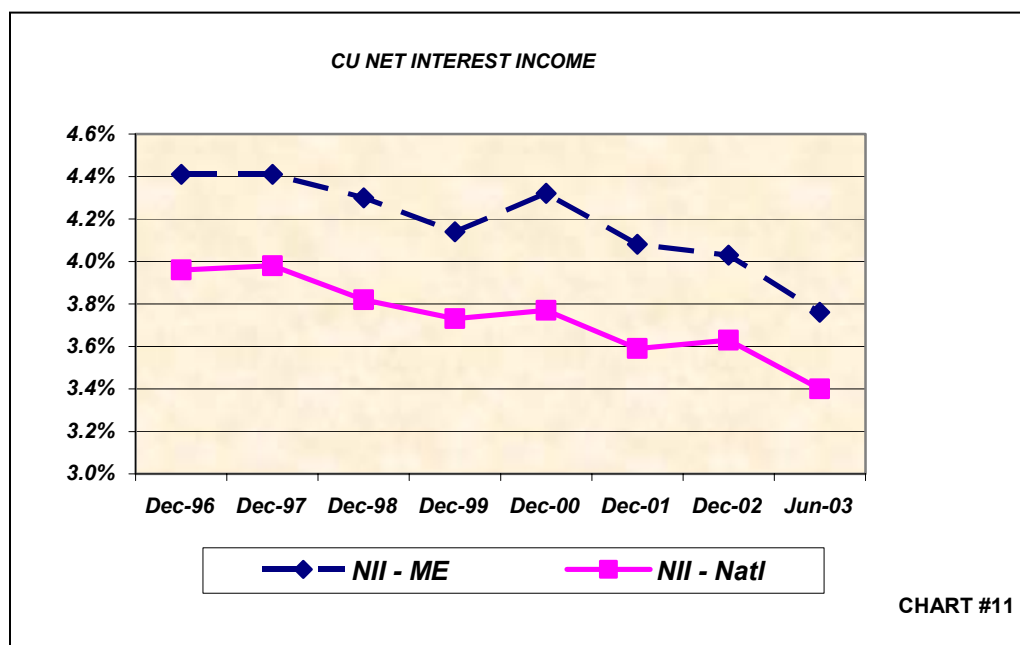
Maine Credit Unions

“Maine Credit Unions” consists of the 78 credit unions headquartered in Maine: 15 Maine-chartered and 63 federally-chartered. The recent performance of Maine’s credit unions continues to be mixed, but the overall condition remains satisfactory. Net income ratios have generally trended downwards, but in calendar year 2002 they were their highest in six years before falling significantly through 6/03. Net worth ratios have steadily declined over the last 30 months as asset growth has been strong during this period, averaging more than 11% per year. Chart #10 shows the decline in both return on assets (“ROA”) and net worth ratios, a phenomenon common to credit unions nationally as well as to Maine Credit Unions. Loan quality indicators have generally improved.



The combination of strong asset growth, sparked by ongoing robust growth in shares and moderate earnings, resulted in a further decrease in the net worth ratio for Maine Credit Unions. At 6/03, the net worth-to-asset ratio stood at 10.04%, the lowest level since the 9.95% recorded at 6/99. This net worth ratio remains moderately lower than the national average, which also declined. All but three of the Maine Credit Unions meet the federal definition of well capitalized, and only one is considered

undercapitalized.¹⁰ Each of these three was profitable for the calendar year ending 12/02 and the six month period ending 6/03. Notwithstanding the downward trend in the net worth ratio, Maine Credit Unions remain strongly capitalized.



Net interest income, the driving force in earnings for credit unions, has declined in four of the past five years, as seen in Chart #11.

In 2002, Maine credit unions were able to offset a nominal decrease in net interest income by gains in each of the other major earnings factors, as shown in the following Table. The numbers are as a percentage of average assets.

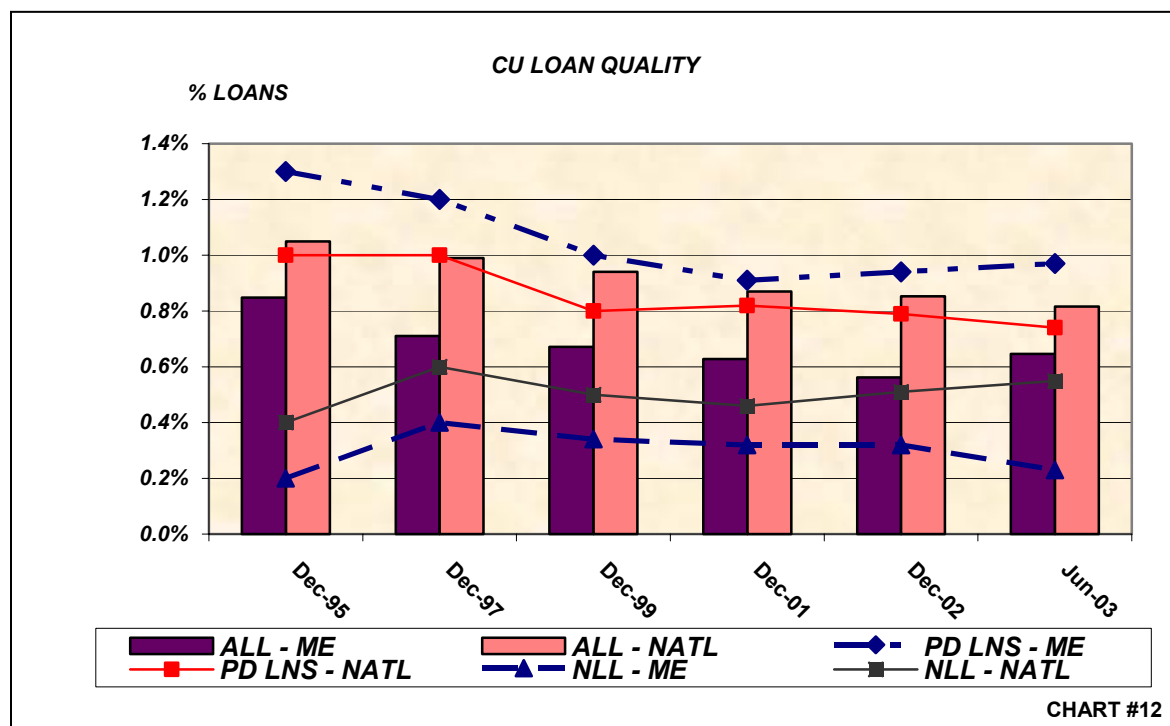
	12/98	12/01	12/02	6/03	6/03 N*
Net Interest Income	4.30%	4.08%	4.03%	3.76%	3.40%
Noninterest Income	0.70%	0.85%	0.90%	0.99%	1.09%
Noninterest Expense	3.90%	3.99%	3.84%	3.76%	3.18%
ALL Provision	0.30%	0.26%	0.21%	0.31%	0.32%
Net Income/ROA	0.90%	0.72%	0.91%	0.76%	1.04%

N*: Average for all insured-credit unions, nationally.

¹⁰ The NCUA categorizes a credit union as well capitalized if it has a net worth-to-asset ratio of 7.0% or greater. A credit union is categorized as being undercapitalized if its net worth-to-asset ratio is between 4.0% and 5.99%.

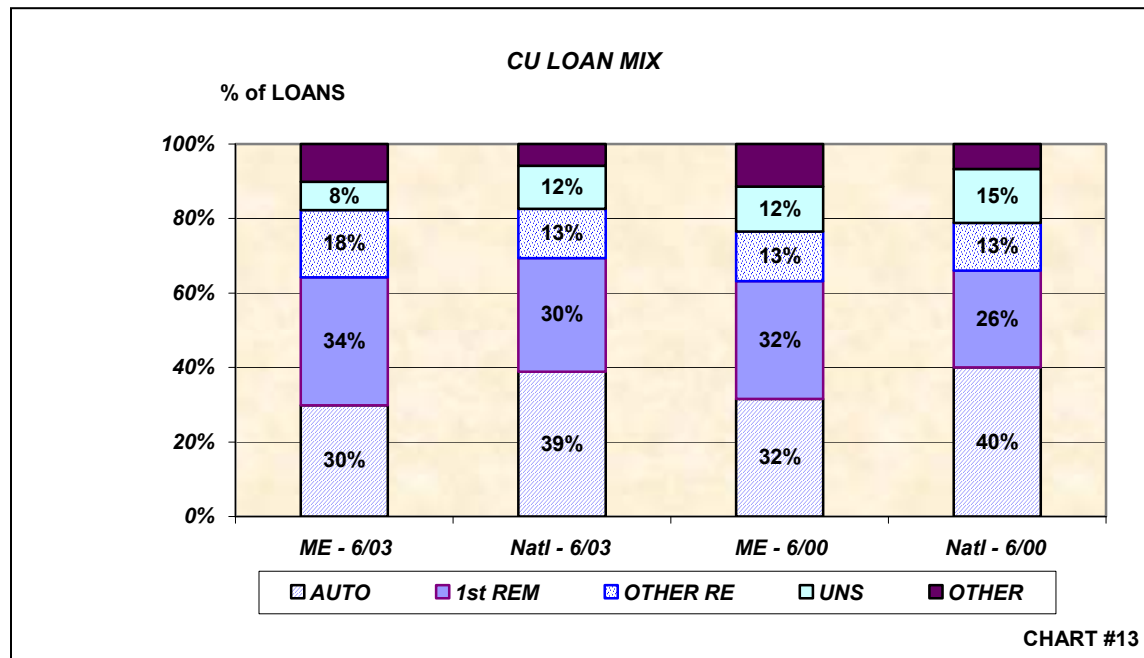
The variance between the ROA of Maine Credit Unions and the national average has widened significantly in the last three years. The major factor has been a narrowing of the gap between the net interest income of the Maine Credit Unions and credit unions nationwide, which has caused the advantage held by the former to decline to its narrowest level in at least seven years. The variance in the other ratios has generally been very stable, although the Maine Credit Unions did benefit in 2002 from a relatively low provision for loan losses. Through the first six months of 2003, net interest income for the Maine Credit Unions has fallen significantly, and the ALL provision has also increased substantially, negating the continued gains in noninterest income and overhead.

Delinquency and net loan loss ratios were unchanged at 12/02 from 12/01. During the first half of 2003, the net loan loss ratio dropped significantly, but delinquent loans rose slightly. Chart #12 compares the experience of Maine Credit Unions to national credit union averages, showing that Maine Credit Unions continue to have higher delinquency rates, but a much lower loss experience.



This latter is largely attributable to the loan mix. As seen in Chart #13, Maine Credit Unions have a higher percentage of real estate loans and a lower percentage of unsecured loans and automobile loans. Real estate loans typically have the lowest loan

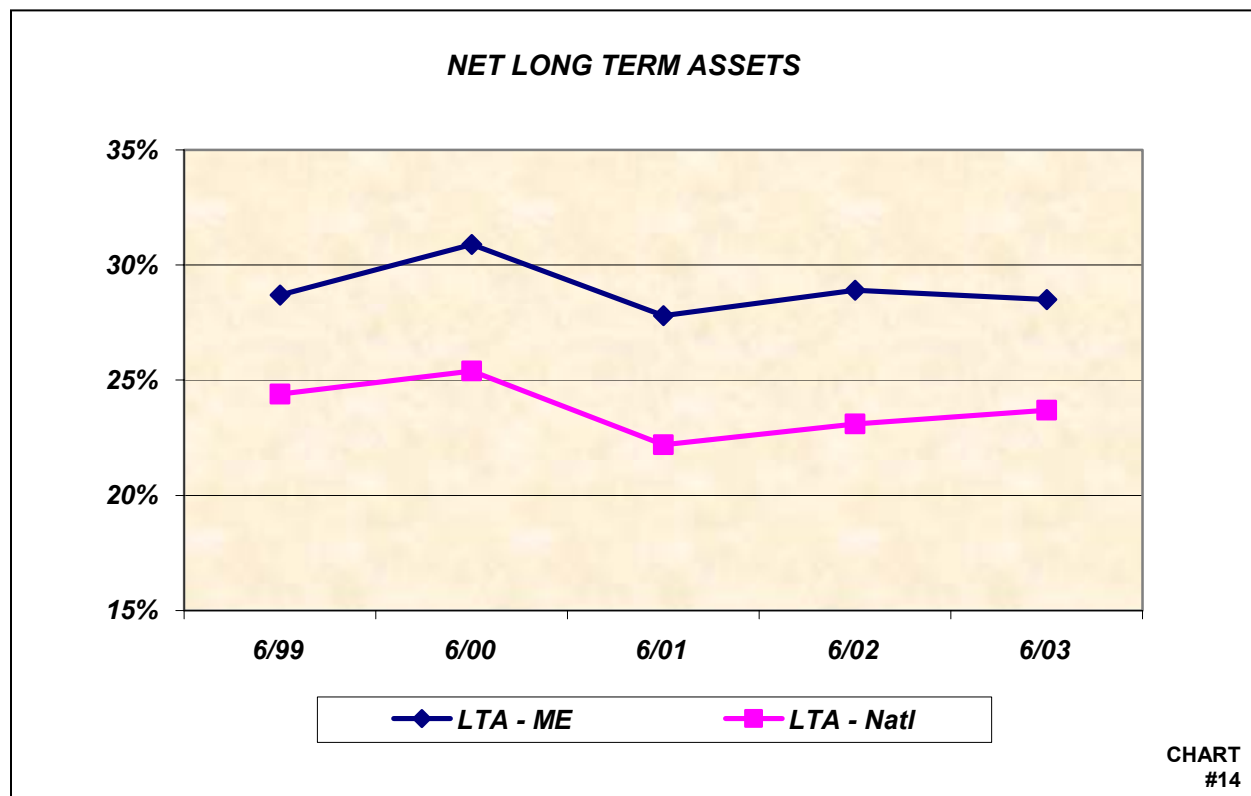
loss experience, while unsecured and automobile loans generally carry a much higher loss experience. Chart #13 also contrasts the changes in the loan mix between 6/00 and 6/03. The direction and the degree of change have been comparable, except that Other Real Estate Loans (primarily home equity lines of credit) have grown much faster at the Maine Credit Unions. At both the Maine and national level, unsecured loans and new automobile loans have been declining since at least 6/01. This can be attributed to the concentration of credit card lending at a few national companies, attractive new car financing provided by automobile manufacturers, the tax benefits of home equity loans, and the mortgage refinancing boom. These trends in the loan mix are expected to continue, notwithstanding the end of the refinancing boom.



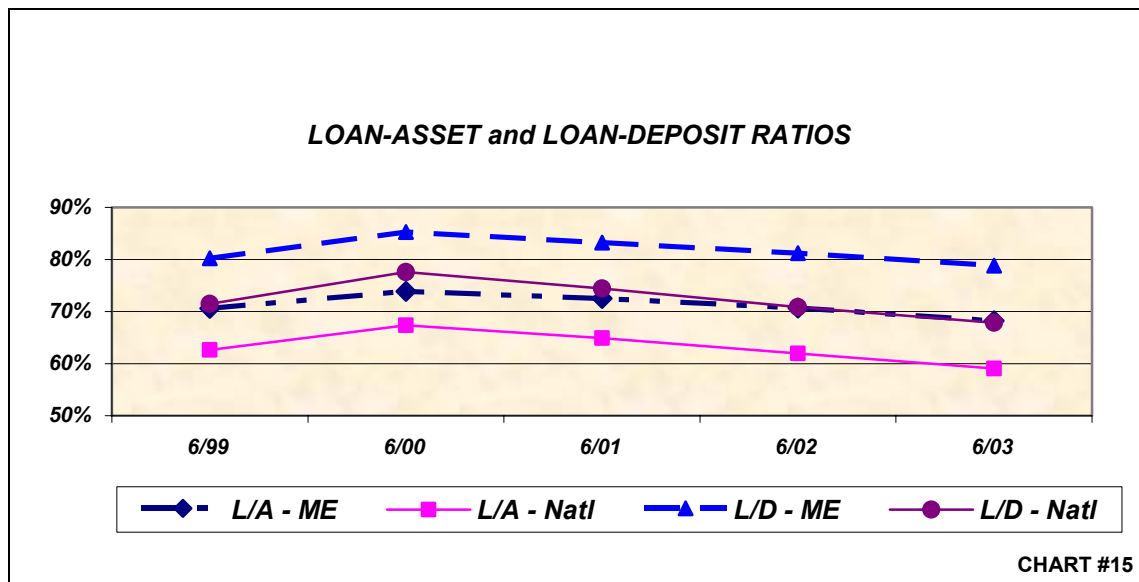
Because the most rapidly growing loan category has been home equity lines of credit, which generally carry a variable rate of interest, the ratio of net long-term assets-to-total assets declined slightly over the past 12 months.¹¹ However, because Maine Credit

¹¹ The net long-term assets-to-total assets is the sum of (1) real estate loans that will not refinance, reprice or mature within 5 years, (2) business loans, (3) investments with remaining maturities of more than 3 years, and (4) fixed assets divided by total assets.

Unions still have a higher percentage of first mortgages, their net long-term asset ratio continues to exceed that of credit unions nationally, as seen in Chart #14.



Another factor in the declining net long-term asset ratio is that asset growth has significantly outpaced loan growth over the past 36 months. As a result, the loan-to-asset ratio has dropped from 74% at 6/00 to 68% at 6/03. During the same period, the loan-to-deposit ratio has fallen from 85% to 79%. These ratios have fallen more precipitously for credit unions nationally, and the ratios for Maine Credit Unions are well above the national average. See Chart #15.



Despite some fluctuation or negative movement in key ratios, Maine Credit Unions remain in an overall sound financial condition. Their immediate challenges are similar to those faced by Maine Banks (and all depository institutions nationwide): finding loan growth, addressing the continued pressure on the net interest margin, and controlling noninterest expense. Increased competition from both within and outside the deposit-taking industry, increased demands for products and services from customers, and increased demands from regulatory agencies for enhanced risk management processes will continue to challenge Maine Credit Unions as well.

Interstate Banking/Deposit Production Offices

Maine legislation enacted in 1996 authorized interstate banking and branching. This legislation included a prohibition on the operation of deposit production offices as a means to address concerns regarding the potential for siphoning Maine deposits to support an institution's activities in other states and to ensure that funds remained available for local lending. This state law closely mirrored federal legislation in this area. A deposit production office is a banking office that generates deposits but does not reasonably meet the credit needs of the community the office it serves. An institution which passes at least one of two tests will be deemed to be in compliance with the Bureau's implementing regulation (Regulation #36). The two tests are that:

1. The institution has a ratio of Maine loans-to-Maine deposits of at least 50%;
2. The institution has received an "Outstanding" rating under the federal Community Reinvestment Act (CRA) from its primary federal regulator.¹²

Annually, each financial institution authorized to do business in Maine is required to complete a Branch Loan and Deposit/Share Survey. This Survey provides information on loans and deposits and that information is used to calculate the Maine loan-to-Maine deposit ratio.

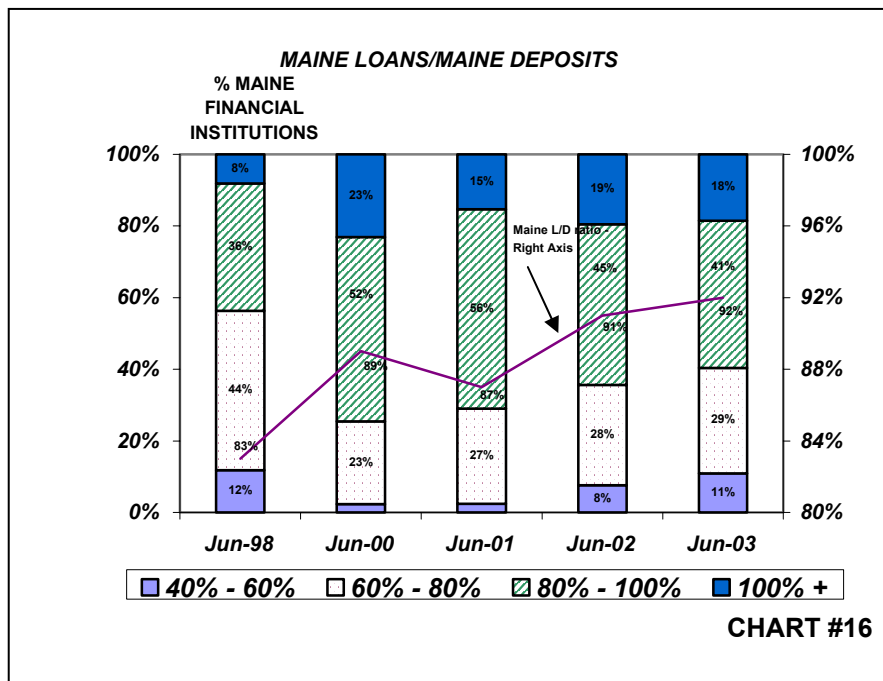
Although all Maine financial institutions continue to have either an "Outstanding" or "Satisfactory" CRA rating, based on the surveys and other available data, there were three institutions that did not satisfy either of the two tests as of 6/03. The Bureau is in the process of obtaining additional information from these institutions and has not, at this time, made a determination that the institutions are operating a deposit production office. The two institutions that did not satisfy either of the two tests at 6/02, in the Bureau's judgment, were not operating a deposit production office.

Overall, the ratio of total Maine loans-to-total Maine deposits increased slightly, to 92% at 6/03, which is well above the national loan-to-deposit average of

¹² CRA is a federal law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. CRA, however, does not apply to credit unions.

approximately 75% for all FDIC-insured institutions and 68% for all NCUA-insured credit unions. See Chart #16.

However, despite the increase in the ratio of Maine loans-to-Maine deposits, that ratio fell at more institutions than it increased. This decrease in the ratio at a majority of individual institutions is also reflected in Chart #16, which shows a greater percentage of



institutions in the lower loan-to-deposit ranges. The decline in the loan-to-deposit ratios is attributed to continued strong deposit growth, which only recently has started to ease as the stock market rebounds, and relatively weak loan demand, except for residential mortgages. Also, the boom in mortgage refinancings actually contributed to weak, or negative, loan growth at several institutions for the following reasons: (1) institutions frequently sold the new mortgage loans because they had low, fixed interest rates; (2) increased competition from mortgage companies and financial institutions located outside of Maine resulted in more loans being refinanced by non-Maine financial institutions; and (3) due to the record low mortgage interest rates and escalating housing values, borrowers utilized the equity in their homes to reduce non-mortgage consumer debt. The first two factors contributed to the modest overall increase in residential loans, and the third factor contributed to the modest overall growth in personal loans.

There are five financial institutions headquartered outside Maine that operate branches in Maine. At 6/30/03, these institutions held 19% of Maine deposits and 16% of Maine loans, the same percentages as at 6/02. There are two Maine-headquartered

institutions that operate branches outside of Maine. Banknorth has a very high ratio of Maine loans-to-Maine deposits; Ocean National Bank has a much lower ratio, but its ratio did climb between 6/03 and 6/02.

The Bureau's experience with the law prohibiting deposit production offices, and with prior legislation that dealt solely with out-of-state banks operating in Maine, has been that all financial institutions seek to comply with the spirit of the law. However, for a variety of reasons primarily related to economic or demographic conditions that generally are outside of the institution's direct control, there are times when an institution's growth in deposits significantly outpaces its growth in loans, resulting in a relatively low loan-to-deposit ratio. Since lending is the primary source of revenue to an institution and an institution's failure to make loans to credit-worthy borrowers in its market area will negatively impact its reputation —, and hence its ability to attract and retain customers (both depositors and borrowers) — an institution that finds its loan-to-deposit ratio becoming comparatively low will make all reasonable efforts, consistent with safe and sound banking practices, to rebuild its ratio.

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SECTION III

BUREAU OPERATIONS

Consumer Outreach

The Bureau of Financial Institutions is a resource for Maine consumers who have questions or concerns regarding their relationships with state-chartered financial institutions (both banks and credit unions). In addition to a Consumer Outreach Specialist, the Bureau draws upon the expertise of Principal Examiners, the Deputy Superintendent and others for the more complex complaints. If a consumer has a complaint involving a federally chartered financial institution, the Bureau refers that consumer to the appropriate federal regulator for resolution.

During the fiscal year ending June 30, 2003, the Bureau responded to 1,025 consumer complaints and inquiries. Of those contacts, 277 were complaints which required Bureau staff to mediate appropriate resolutions. The remaining were consumer questions for which Bureau staff could respond without contact with a financial institution or, if the inquiry involved a federal law governing a federally chartered institution, it was referred to the appropriate federal regulator. The following chart reports the consumer contacts by type of account:

Type of Account	Number of Contacts	% of Total
Credit Cards	396	38.6%
Checking Accounts	174	17.0%
Installment Loans	103	10.0%
Mortgage Loans	159	15.5%
Other ¹³	193	18.9%
Total	1,025	100.0%

Credit card debt continues to be a major complaint issue for consumers nationwide and, as can be seen from the above chart, those types of calls represent the highest concentration of Bureau interaction with Maine consumers. The Bureau receives complaints and inquiries from individuals who are typically over their credit limit

¹³ Included in "Other", but not limited to are: credit report issues, fees to cash checks, forgery, funds availability, identity theft and telemarketing.

or not aware of the fees charged by the credit card providers. Generally, the fees and rate changes associated with these accounts are disclosed in the fine print and most consumers either do not read those disclosures or do not understand them. In many instances, Bureau mediation has resulted in the waiver of certain fees or the development of a work-out program to enable consumers to repay the debt. Most complaints and inquiries relating to credit card issues involve out-of-state banks.

Recently, the Bureau began receiving consumer calls regarding a process employed by large companies which convert a paper check to an electronic debit. Consumers want the traditional check clearing process to occur so that the check is returned to them as proof of payment. "Electronic fund transfer" is the term used for the process in which companies electronically instruct a financial institution to transfer funds from a consumer's account to the company's account, rather than processing a check. By sending a completed, signed check as payment, the consumer authorizes the company to copy the check and to use the account information from the check to make an electronic fund transfer. The electronic fund transfer from the consumer's account will usually occur within 24 hours, which is faster than a check is normally processed. The electronic fund transfer will be noted on the consumer's account statement but the check will not be returned.

Consumers have also contacted the Bureau to question point-of-purchase check conversion. Point-of-purchase check conversion is the process of converting checks that customers present to merchants into electronic fund transfers. When a consumer hands a check to a merchant, the check is copied and the account information from the check is used to make an electronic fund transfer from the consumer's account. The merchant voids the check and returns it to the consumer. The merchant must display a sign that notifies customers that their checks will be converted. The electronic fund transfer will appear on the consumer's account statement that is received from the financial institution. Merchants have been using the point-of-purchase check conversion process for some time as a means to combat check fraud. The check conversion process results in quicker transfer of funds and reduces the normal three to five days of check clearing time consumers have enjoyed in the past.

Federal automated clearing house rules require companies to provide notification of this electronic funds transfer process. The disclosure must be conspicuous and it must be printed in reasonably large typeface. If this disclosure is combined with other information, it should be set off by contrasting color, by surrounding it with a box, or by using other means to ensure that it is prominently featured¹⁴.

Consumers will soon be exposed to another electronic check clearing mechanism through the October 28, 2003 passage of the Check Clearing In the Twenty-First Century Act, "Check 21"¹⁵. This law, which becomes effective October 28, 2004, will provide an enhanced electronic check collection system for the country. It does not require banks to change the way they collect checks. However, the Act requires banks and their customers to accept paper reproductions of original checks. These reproductions are called Image Replacement Documents, or IRD's. They are produced from digitized images of the original checks. They include images of both the front and the back of a check. They have specific wording to identify them as replacement documents. Each one has the check-writer's bank routing number, account number, and the dollar amount of the check in magnetic ink along the bottom — similar to the original check — so that IRD's can be processed through check sorters.

The Check 21 legislation is intended to reduce the costs and delays of paper processing and transportation in the current check system. The essence of Check 21 is to enable a bank to capture images of checks and transmit those images electronically, instead of transporting paper for collection. If the payor bank is willing to accept an electronic transmission of check payment information, with the images also transmitted or at least available on request, then the entire collection process can be electronic. If the payor bank does not want such an arrangement, the collecting bank can send the check images to another party that will print IRD's from those images and present the paper IRD's to the payor bank. In that case, the payor bank will still receive the checks in paper form, namely the IRD's, while the collecting bank will gain some benefits from electronic delivery.

¹⁴ 31CFR 210}

¹⁵ Pub.L. 108-100

This new law requires each bank to accept these IRD's for presentment, just as they would accept the original checks. If the bank returns checks to the consumer with their statements, they will receive whatever IRD's the bank receives. It is hoped that Check 21 will give the country a more electronic check collection system, reduce risks and costs and accelerate funds availability for consumers and businesses. In addition, the Act's requirements may contribute to further progress in electronic check presentment, ad check safekeeping and the growth of online bill payment in place of check-writing.

The technological advancements that now provide a myriad of opportunities for consumers to conduct business electronically also provide opportunities to develop new schemes to defraud the public. Identity theft has become a very prevalent crime, and the Bureau has received many calls dealing with this growing issue. In 2003 the Bureau became aware of "Phishing", also called "carding". Phishing is a high-tech scam that uses "spam" (unsolicited "junk" e-mail sent to large numbers of people to promote products or services) to deceive consumers into disclosing their credit card numbers, bank account information, Social Security Numbers, passwords and other sensitive information. This website fraud involves two types of deceptions. In the first type, a legitimate website is copied in its entirety and the perpetrator substitutes false phone numbers in the place of the financial institution's legitimate phone numbers. The second type of website fraud is the posting of a website that uses the words bank, credit union, etc. The site then links to a number of various products and information, some of which may be financial in nature, and some of which offer consumer products for sale. By masquerading as a financial institution, the perpetrator can gain access to customer sensitive information.

Changes in Examination Process and Approach

During the past two years, the federal agencies and the Bureau have instituted several changes in their approach to examinations and the examination process. These changes include integration of specialty examinations with safety and soundness examinations, a reduction of the analytical comments required in an examination report, and an increased emphasis on risk focused examinations. Generally, these changes have the effect of reducing the hours necessary to conduct examinations, although increased focus in other areas, such as the USA Patriot Act and Bank Secrecy Act, tend to offset any reduction in hours achieved by the implementation of modified approaches and procedures.

Since the 1980's, specialty examinations (consumer compliance, information technology, and trust) have been conducted separately and at different times from safety and soundness examinations. Separate reports of examination and ratings were issued for specialty examinations. This approach fostered specialization among Examiners in these disciplines. However, this approach inhibited regulators from developing a holistic view of the financial institution and its management. It has not been uncommon for the results of safety and soundness examinations to be favorable, while the results of specialty examinations have been unfavorable. Since separate reports were issued, these differing views of the institution and its management were rarely reconciled into a comprehensive, integrated view of the institution.

Since it is essential to develop a supervisory position on the condition of the institution and the quality of its management while also considering all relevant functions and activities, the federal regulators and the Bureau have begun to integrate the specialty examinations with the safety and soundness examination. Information technology examinations were the first to be integrated. In 2003, the federal regulators began integrating trust examinations into safety and soundness examinations. The Bureau will do the same commencing in 2004.

As the federal regulators organize and manage the consumer compliance function separately from the other examination disciplines, it appears unlikely that the federal regulators will integrate consumer compliance examinations. However, there is a

growing desire to conduct consumer compliance examinations concurrently, or as close in time as possible, with safety and soundness examinations. As scheduling permits, the Bureau will conduct consumer compliance examinations as close in time to the safety and soundness examination as possible.

The Federal Deposit Insurance Corporation revised its examination procedures for safety and soundness, information technology, trust, and consumer compliance examinations in 2002 and 2003. With the exception of consumer compliance, these new procedures are known as MERIT (Maximum Efficiency, Risk-Focused, Institution Targeted) procedures. With safety and soundness examinations, the MERIT procedures reduced the written content of the Report of Examination to focus on exceptional conditions and to reduce the written analysis of conditions considered favorable. As a result, Reports of Examination are significantly shorter in most cases than just a few years ago. The MERIT procedures also provide Examiners with greater flexibility in determining the scope of an examination.

The National Credit Union Administration has also modified its examination program to more fully embrace risk-focused scoping and examination techniques. These modifications have also had the effect of reducing the written content of examination reports. The Bureau has adopted both the MERIT procedures for safety and soundness examinations of banks and the NCUA's risk-focused examinations procedures for safety and soundness examinations of credit unions.

The MERIT procedures for information technology (IT) examinations represent the most significant change from prior practice. These procedures require that an Examiner categorize, for information technology, the institution as a Type I, II, III, or IV institution. Type I institutions are the least complex and Type IV institutions are the most complex. The scope of the IT examination and procedures are adjusted depending upon an institution's category. The Bureau has adopted this approach for its own IT examinations.

The FDIC MERIT procedures for trust involve an abbreviated report, embedded in the safety and soundness examination, for small trust departments (under \$50 million) that are well-managed. It is anticipated that trust MERIT procedures will be

expanded for larger trust departments in the future. The Bureau will adopt the trust MERIT procedures in 2004.

In 2003, the FDIC amended its consumer compliance examination procedures to reduce the level of transaction testing in favor of relying more on an assessment of the institution's compliance management system and quality control systems. The Bureau reviewed the FDIC's new procedures, and determined that the Bureau's current consumer compliance procedures were reasonably comparable to the FDIC's and required no changes.

Besides the Bureau's adoption of much of the amended federal procedures, the most significant change in the Bureau's examination procedures involves Bank Secrecy Act (BSA) examinations. (BSA and its associated regulations are designed to detect and prevent money laundering.) Since 1996, the Bureau has relied exclusively on the federal agencies for assessment of BSA compliance in state-chartered financial institutions. However, the Bureau added BSA compliance to its examination program in 2003, since the USA Patriot Act adds significant anti-money laundering provisions to BSA with which financial institutions are required to comply. The most significant of these involves the requirement that all institutions implement a customer identification program. A customer identification program consists of policies and procedures designed to assure and document the identity of a financial institution's customers to improve the institution's ability to prevent and detect money laundering schemes or other criminal activity.

Application Activity

The highlight in 2003 for the Bureau's application activity was the March opening of Rivergreen Bank, the first de novo deposit-taking institution established in Maine in over 10 years. After raising more than \$7.5 million in equity capital from local investors, the bank has grown rapidly in its first 6 months of operations, with assets of \$25 million at 9/30/03. Other structural changes necessitating application filings with the Bureau were relatively light during the 12-month period ending 10/31/03, as seen in the following table.

	11/00 – 10/01	11/01 – 10/02	11/02 – 10/03
Charters – Depository Inst.	0	1	0
Charters – Nondepository Inst.	2	2	0
Mergers, Acquisitions	6	1	1
New Activities	2	3	2
Branch Establishment	15	6	4
Branch Relocation	6	7	1
Branch Closing	3	1	3
Other	2	0	1

A slowdown in structural changes is largely influenced by economic and demographic conditions, and such changes also tend to run in cycles. During the months of November and December of 2003, the Bureau received six filings, including four applications involving acquisitions, one of which was for Bank of America Corporation to acquire FleetBoston Financial Corporation. The other three applications involved the purchase by Maine banks of individual branches. The banks are increasingly reviewing and rationalizing their branch networks as they endeavor to grow their deposit base, to control expenses, and to put their limited capital to the most efficient use. This leads to branch purchases and sales, relocations and closings of existing offices and the opening of new branches.

In addition to the structural changes identified in the preceding table, the Bureau also must review and act on bylaw amendment requests by state-chartered credit unions to expand fields of membership. During 2003, six credit unions submitted field of membership bylaw amendments to the Bureau. Most of these filings involved converting to, or increasing, the community-based common bond. Two of the requests were from occupational-based credit unions that desired to convert to a community field of membership and retain their existing membership groups. Legislation enacted in 2003 authorizes Maine's state-chartered credit unions to maintain this dual field of membership.

Although the Bureau has not received any applications for its limited purpose charter (nondepository trust company, merchant bank and uninsured bank) in the last year, expressions of interest for the various options remain strong. As the economy continues to gain strength, some of those inquiries may translate into formal filings with the Bureau.

Transition to Electronic Communciation

Electronic Filing and Funds Transfer Systems

Beginning in 2002 and continuing through 2003, the Bureau of Financial Institutions undertook the development of an Internet based, electronic filing system for all reports required to be filed with the Bureau. The reduction of overhead costs, improved edit checking and reporting accuracy, and more rapid filing capabilities were the noted benefits to the industry and to the Bureau of this new process. The form used to collect quarterly assessment data was the first form converted to an electronic format. The industry began using this form to provide electronic data to the Bureau in March, 2002 and subsequent quarterly filings, reporting few problems with the new system. Two additional forms, the Commercial Lending Report and the Branch Loan and Deposit/Share Survey were developed electronically and were used to collect 2nd quarter 2003 data. The final converted forms, which will be used to collect 4th quarter 2003 data, include the Officer's Questionnaire, the Annual Notification, and (Title 9-A §6-601) Nondepository Trust Company filings.

In conjunction with the electronic submission of reports, an electronic funds transfer system was established for the payment of monies due to the Bureau. Electronic payment is voluntary and some financial institutions may still pay by check. Quarterly reporting materials are being distributed via e-mail to the industry and paper copy mailings have been discontinued except in those few instances where electronic filing capabilities are not employed by the recipient.

In 2003, the Bureau also developed a program for electronic distribution of examination invoices to financial institutions. Institutions for which the Bureau has acquired an email address are sent an electronic invoice for the examination at the same time that the Report of Examination is sent to the Board of Directors. Institutions may use the electronic funds transfer system to remit payment of examination invoices.

Distribution of Bulk Mailings

In addition to electronic form filings, the Bureau has transitioned to the electronic distribution of bulk mailing materials, including regulations, bulletins, and notices to interested parties. Requests for statistical data and other individual inquiries that are received electronically typically are responded to electronically, generally providing more timely responses for Bureau customers.

Refinements to electronic communications are anticipated as users provide feedback and suggestions and technology continues to advance.

EXHIBITS

SUMMARY OF MAINE FINANCIAL INSTITUTIONS

June 30, 2003

	<u>No.</u>	<u>ASSETS</u>		<u>DEPOSITS/ SHARES</u>		<u>LOANS</u>	
		Dollars (000's)	% of Total	Dollars (000's)	% of Total	Dollars (000's)	% of Total
Trust Companies	10	2,303,686	14.16	1,697,078	8.91	1,564,522	9.00
Limited Purpose Banks	8	50,465	0.31	0	0.00	21,381	0.12
National Banks*	7	1,603,100	9.85	7,837,742	41.16	6,835,230	39.30
State Savings Banks	15	7,189,190	44.20	5,302,765	27.85	5,268,506	30.29
Federal Savings Banks	2	1,102,267	6.78	765,155	4.02	921,362	5.30
State Savings and Loans	3	148,090	0.91	110,428	0.58	114,609	0.66
Federal Savings and Loans	4	269,949	1.66	211,965	1.11	212,098	1.22
State Credit Unions	15	912,826	5.61	782,689	4.11	629,438	3.62
Federal Credit Unions	63	2,687,355	16.52	2,333,734	12.26	1,825,396	10.49
TOTAL	127	16,266,928	100.00	19,041,556	100.00	17,392,542	100.00
Commercial Banks*	17	3,906,786	24.02	9,534,820	50.07	8,399,752	48.30
Limited Purpose Banks	8	50,465	0.31	0	0.00	21,381	0.12
Savings Banks	17	8,291,457	50.97	6,067,920	31.87	6,189,868	35.59
Savings and Loans	7	418,039	2.57	322,393	1.69	326,707	1.88
Credit Unions	78	3,600,181	22.13	3,116,423	16.37	2,454,834	14.11
TOTAL	127	16,266,928	100.00	19,041,556	100.00	17,392,542	100.00
State-Chartered	51	10,604,257	65.19	7,892,960	41.45	7,598,456	43.69
Federally-Chartered*	76	5,662,671	34.81	11,148,596	58.55	9,794,086	56.31
TOTAL	127	16,266,928	100.00	19,041,556	100.00	17,392,542	100.00
In-State Ownership	123	15,995,879	98.33	15,004,876	78.80	14,313,868	82.30
Out-of-State Ownership*	4	271,049	1.67	4,036,680	21.20	3,078,674	17.70
TOTAL	127	16,266,928	100.00	19,041,556	100.00	17,392,542	100.00

*Note: Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit; however, Maine-only assets are not available for:

Fleet National Bank

KeyBank, National Association

Ocean National Bank

Peoples Heritage Bank, a division of Banknorth, National Association

ASSET/DEPOSIT & SHARE/LOAN DISTRIBUTION BY FACILITY TYPE

	(000'S omitted)				
	06/30/99	06/3/00	06/30/01	06/30/02	06/30/03
Commercial Banks					
Trust Companies					
Banks	11	10	9	9	10
Branches	118	113	73	74	73
Assets	3,698,774	3,472,002	1,876,969	2,078,769	2,303,686
Deposits	2,958,142	2,488,507	1,424,564	1,547,458	1,697,078
Loans	2,742,374	2,555,152	1,259,999	1,377,629	1,564,522
National Banks					
Banks	5	6	7	7	7
Branches	102	169	222	198	192
Assets	1,250,250	5,736,194	5,934,364	1,442,222	1,603,100
Deposits	2,920,566	6,035,433	7,494,223	7,440,908	7,837,742
Loans	2,374,326	5,069,224	6,203,371	6,508,230	6,835,230
Limited Purpose Banks					
Merchant Banks					
Banks	1	1	1	1	1
Branches	0	0	0	0	0
Assets	19,595	16,782	16,852	16,789	39,944
Deposits	0	0	0	0	0
Loans	909	120	118	404	21,381
Uninsured Banks					
Banks	1	0	0	0	0
Branches	0	0	0	0	0
Assets	3,566	0	0	0	0
Deposits	772	0	0	0	0
Loans	3,200	0	0	0	0
Nondepository Trust Companies					
Banks	3	4	5	6	7
Branches	0	0	0	0	0
Assets	8,432	13,624	10,201	9,897	10,521
Deposits	N/A	N/A	N/A	N/A	N/A
Loans	N/A	N/A	N/A	N/A	N/A
Savings Banks and Savings and Loan Associations					
Savings Banks					
Banks	17	16	16	15	15
Branches	198	139	145	149	149
Assets	9,547,397	5,824,585	6,299,301	6,734,208	7,189,190
Deposits	6,909,744	4,269,611	4,690,828	5,010,519	5,302,765
Loans	6,334,103	4,344,859	4,610,666	4,859,363	5,268,506
Federal Savings Banks					
Banks	4	4	2	2	2
Branches	31	31	28	29	29
Assets	911,238	1,042,663	957,437	1,014,826	1,102,267
Deposits	661,957	750,020	704,563	739,898	765,155
Loans	725,566	836,880	813,946	859,251	921,362

ASSET/DEPOSIT & SHARE/LOAN DISTRIBUTION BY FACILITY TYPE

	(000'S omitted)				
	06/30/99	06/3/00	06/30/01	06/30/02	06/30/03
State Savings & Loan Associations					
Associations	3	3	3	3	3
Branches	0	0	0	0	0
Assets	117,683	122,368	132,484	140,244	148,090
Deposits	95,868	94,665	100,834	103,550	110,428
Loans	87,827	98,966	104,868	107,427	114,609
Federal Savings & Loan Associations					
Associations	4	4	4	4	4
Branches	4	4	4	4	4
Assets	217,030	227,889	248,855	257,846	269,949
Deposits	178,385	179,365	200,502	206,822	211,965
Loans	163,681	184,841	201,494	211,442	212,098
Credit Unions					
State Credit Unions					
Associations	13	13	14	15	15
Branches	14	12	19	17	17
Assets	567,975	585,849	726,888	823,799	912,826
Shares	501,390	502,274	628,463	711,205	782,689
Loans	391,525	431,371	519,972	568,652	629,438
Federal Credit Unions					
Associations	75	72	67	63	63
Branches	44	48	49	53	59
Assets	2,064,617	2,116,854	2,230,863	2,437,559	2,687,355
Shares	1,816,004	1,841,490	1,948,491	2,127,767	2,333,734
Loans	1,467,194	1,564,601	1,624,946	1,735,908	1,825,396
State Totals					
Financial Institutions	137	133	128	125	127
Branches	511	516	540	524	523
Assets	18,406,557	19,158,810	18,434,214	14,956,159	16,266,928
Shares & Deposits	16,042,828	16,161,365	17,192,468	17,888,127	19,041,556
Loans	14,290,705	15,086,014	15,339,380	16,228,306	17,392,542

Note: Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit; however, Maine-only assets are not available for:

Name of financial institution:

Fleet National Bank
 KeyBank, National Association
 Ocean National Bank
 Peoples Heritage Bank, a division of
 Banknorth, National Association

Main office location:

Providence, Rhode Island
 Cleveland, Ohio
 Kennebunk, Maine
 Portland, Maine

Source of data: Calls reports and branch deposit/share survey.

**MAINE
STATE-CHARTERED
TRUST COMPANIES**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Dean Read, President BAR HARBOR BANKING AND TRUST COMPANY 82 Main St. Bar Harbor, Maine 04609	548,981	317,723	371,234
James P. Violette, Jr., President BORDER TRUST COMPANY 280 State Street Augusta, Maine 04330	77,526	69,522	44,174
Thomas J. Finn, Jr., President DAMARISCOTTA BANK & TRUST Main Street Damariscotta, Maine 04543	130,510	111,883	91,432
David I. Dorsey, President FIRST CITIZENS BANK & TRUST PO Box 231 Presque Isle, Maine 04769	141,426	128,050	92,723
Jon J. Prescott, President KATAHDIN TRUST COMPANY Main Street Patten, Maine 04765	300,700	219,649	206,603
Samuel Ladd, III, President MAINE BANK & TRUST COMPANY PO Box 619 Portland, Maine 04104	271,049	226,259	196,633
Edwin Clift, President MERRILL MERCHANTS BANK 201 Main St., PO Box 925 Bangor, Maine 04402-0925	317,004	246,486	235,184
George Giovannis, President PEPPERELL TRUST COMPANY 163 Main Street Biddeford, Maine 04005	102,032	87,496	64,730
A. William Canaan RIVERGREEN BANK 36 Portland Rd Kennebunk, ME 04043	19,262	11,739	11,966
Peter Blyberg, President UNION TRUST COMPANY 66 Main St., PO Box 479 Ellsworth, Maine 04605	395,196	278,271	249,843
TOTAL: 10	2,303,686	1,697,078	1,564,522

**MAINE
STATE-CHARTERED
LIMITED PURPOSE BANKS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Joseph Pratt, President BAR HARBOR TRUST SERVICES P.O. Box 1100 Ellsworth, Maine 04605	2,386	N/A	N/A
John Keffer, President FORUM TRUST, LLC Two Portland Square Portland, Maine 04101	1,917	N/A	N/A
John H. Walker, President H. M. PAYSON AND COMPANY P.O. Box 31 Portland, Maine 04112	2,777	N/A	N/A
Joseph M. Yohlin, President MAINE MERCHANT BANK Two Monument Square Portland, Maine 04101	39,944	0	21,381
William E. Floria, President QUADS TRUST COMPANY 12 W. Church St. Frederick, MD 21701	737	N/A	N/A
Karen Lowell, CEO RAM TRUST COMPANY 45 Exchange Street Portland, Maine 04101	186	N/A	N/A
Christopher Tyborowski, President RSGROUP TRUST COMPANY 295 Forest Avenue, No. 610 P.O. Box 9715 Portland, Maine 04104-5015	2,307	N/A	N/A
Richard E. Curran, Jr., President SPINNAKER TRUST 5 Milk Street Portland, Maine 04112-7160	211	N/A	N/A
TOTAL: 8	50,465	0	21,381

**MAINE
STATE-CHARTERED
SAVINGS BANKS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Steven A. Closson, President ANDROSCOGGIN SAVINGS BANK PO Box 1407 30 Lisbon Street Lewiston, Maine 04240	474,941	324,006	315,811
P. James Dowe, Jr., President BANGOR SAVINGS BANK 3 State Street, PO Box 930 Bangor, Maine 04401	1,483,740	1,090,483	1,216,406
Glen Hutchinson, President BATH SAVINGS INSTITUTION 105 Front Street, PO Box 548 Bath, Maine 04530	308,057	241,495	198,967
Wayne Sherman, President BIDDEFORD SAVINGS BANK 254 Main Street, PO Box 525 Biddeford, Maine 04005	220,754	168,962	138,362
Gary M. Downs, President FRANKLIN SAVINGS BANK 197 Main Street, PO Box 825 Farmington, Maine 04938	290,436	222,294	207,386
Christopher Emmons, President GORHAM SAVINGS BANK 10 Wentworth Drive, PO Box 39 Gorham, Maine 04038	540,117	319,648	383,898
Mark L. Johnston, President KENNEBEC SAVINGS BANK 150 State Street, PO Box 50 Augusta, Maine 04330	453,200	332,505	345,291
Joel Stevens, President KENNEBUNK SAVINGS BANK 104 Main Street Kennebunk, Maine 04043	562,771	469,287	419,558

**MAINE
STATE-CHARTERED
SAVINGS BANKS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Edward L. Hennessey, Jr., President MACHIAS SAVINGS BANK Center Street, PO Box 318 Machias, Maine 04947	394,071	307,877	328,593
Sherwood Moody, President MECHANICS' SAVINGS BANK 100 Minot Avenue Auburn, Maine 04210	200,859	169,130	168,505
Robert Harmon, President NORWAY SAVINGS BANK 132 Main Street Norway, Maine 04268	627,840	513,436	440,252
Kevin P. Savage, President SACO AND BIDDEFORD SAVINGS INSTITUTION 252 Main Street Saco, Maine 04072	515,731	367,328	325,054
Rodney Normand, President SANFORD INSTITUTION FOR SAVINGS 184 Main Street Sanford, Maine 04073	316,601	200,424	221,267
Virginia Howard, President SKOWHEGAN SAVINGS BANK 7 Elm Street, PO Box 250 Skowhegan, Maine 04976	409,650	311,394	273,085
Jeffrey D. Smith, COO UNITEDKINGFIELD BANK 145 Exchange St. Bangor, ME 04401	390,422	264,496	286,071
SUBTOTAL: 15	7,189,190	5,302,765	5,268,506

**MAINE
STATE-CHARTERED
SAVINGS AND LOAN ASSOCIATIONS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Allen Sterling, President AUBURN SAVINGS AND LOAN ASSOCIATION 256 Court Street, PO Box 3157 Auburn, Maine 04210	58,225	37,753	40,986
William Weir, President BAR HARBOR SAVINGS AND LOAN ASSOCIATION Main Street Bar Harbor, Maine 04609	19,490	14,920	17,590
Harry Mank, Jr. President ROCKLAND SAVINGS AND LOAN ASSOCIATION PO Box 585 Rockland, Maine 04841	70,375	57,755	56,033
TOTAL: 3	148,090	110,428	114,609

**MAINE
STATE-CHARTERED
CREDIT UNIONS**

		06/30/03	
		\$ in (000's)	
	<u>Assets</u>	<u>Shares</u>	<u>Loans</u>
Susan Cross, CEO BANSCO CREDIT UNION 868 Hammond Street Bangor, Maine 04401-4328	12,051	11,415	7,470
Paul J. Gurney, CEO CHESTNUT COMMUNITY CREDIT UNION PO Box 604 Augusta, Maine 04332	8,469	7,941	6,123
Matthew P. Griffiths, CEO COAST LINE CREDIT UNION 38 Rigby Road West Portland, Maine 04104	26,413	22,505	22,293
Donna R. Steckino, CEO COMMUNITY CREDIT UNION 144 Pine Street Lewiston, Maine 04240	35,287	32,421	26,518
H. Tucker Cole, CEO EVERGREEN CREDIT UNION 35 Cumberland Street Westbrook, ME 04092	88,609	81,896	60,274
Richard B. Dupuis, CEO FIVE COUNTY CREDIT UNION 765 Washington St., PO Box 598 Bath, Maine 04530	80,657	73,659	55,565
John O. Greenlaw, CEO GOVERNMENT EMPLOYEES CREDIT UNION 555 Forest Avenue Portland, Maine 04101	88,958	81,258	68,335
Mariann Goff, CEO GREATER PORTLAND MUNICIPAL CREDIT UNION 799 Broadway South Portland, Maine 04106	71,181	59,411	55,558
Richard P. LaChance, CEO MAINE EDUCATION CREDIT UNION 36 Community Drive, PO Box 1096 Augusta, Maine 04330	13,856	12,047	8,839

**MAINE
STATE-CHARTERED
CREDIT UNIONS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Shares</u>	<u>Loans</u>
Normand R. Dubreuil, CEO MAINE STATE EMPLOYEES CREDIT UNION PO Box 5659 Augusta, Maine 04332-5659	186,842	158,213	94,521
Charles E. Hinkley, CEO SABATTUS REGIONAL CREDIT UNION 2 Middle Road Sabattus, Maine 04280	23,129	21,323	14,644
Carrie A. Shaw, CEO SACO VALLEY CREDIT UNION PO Box 740 Saco, Maine 04072	50,828	46,407	26,772
Luke Labbe, CEO ST. JOSEPH'S CREDIT UNION 35 Bradbury St. Biddeford, Me 04005	92,530	82,432	71,440
Howard Dunn, CEO UNIVERSITY CREDIT UNION Rangeley Road University of Maine Orono, Maine 04473	127,132	85,699	106,257
Susan C. Mottice, CEO UNUMPROVIDENT CORPORATION CREDIT UNION¹⁶ 2211 Congress Street Portland, Maine 04102	6,884	6,062	4,829
TOTAL: 15	912,826	782,689	629,438

¹⁶ Converted to federal charter 11/29/03 and changed name to Insurance Services Federal Credit Union

**MAINE
FEDERALLY-CHARTERED
NATIONAL BANKS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Robert Daigle, President & CEO CAMDEN NATIONAL BANK 2 Elm Street, PO Box 310 Camden, Maine 04843	873,696	584,008	613,902
Tony C. McKim, President THE FIRST NATIONAL BANK OF BAR HARBOR 102 Main Street, PO Box A Bar Harbor, Maine 04609	200,443	169,531	155,079
Daniel R. Daigneault, President THE FIRST NATIONAL BANK OF DAMARISCOTTA Main Street, PO Box 940 Damariscotta, Maine 04543	528,961	359,867	369,077
Hunter Bradford, CEO FLEET NATIONAL BANK One City Center Portland, ME 04104	*	1,305,755	1,412,031
Katherine Underwood, District President KEYBANK, NATIONAL ASSOCIATION One Canal Plaza Portland, ME 04112	*	2,293,504	1,345,700
Danny O'Brien, President OCEAN NATIONAL BANK 100 Main Street, PO Box 58 Kennebunk, Maine 04043	*	211,162	124,310
Michael McNamara, President PEOPLES HERITAGE BANK, a division of Banknorth, National Association One Portland Square, PO Box 9540 Portland, Maine 04112	*	2,913,915	2,815,131
TOTAL: 7	1,603,100	7,837,742	6,835,230

**Note: Maine deposits and loans for the following banks operating in a multi-state environment are included in this exhibit; however, Maine-only assets are not available for:*

Fleet National Bank

KeyBank, National Association

Ocean National Bank

Peoples Heritage Bank, a division of Banknorth, National Association

**MAINE,
FEDERALLY-CHARTERED
SAVINGS BANKS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
Arthur Markos, President GARDINER SAVINGS INSTITUTION, FSB 190 Water Street Gardiner, Maine 04345	635,517	444,432	539,313
James D. Delameter, President NORTHEAST BANK, FSB Main Street Bethel, Maine 04217	466,750	320,723	382,049
TOTAL: 2	1,102,267	765,155	921,362

**MAINE
FEDERALLY-CHARTERED
SAVINGS & LOAN ASSOCIATIONS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Deposits</u>	<u>Loans</u>
John S. Swanberg AROOSTOOK COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION 43 High Street, PO Box 808 Caribou, Maine 04736	65,199	59,106	55,254
Dennis H. Brown, President CALAIS FEDERAL SAVINGS AND LOAN ASSOCIATION 136 Main Street Calais, Maine 04619	40,392	30,292	36,216
Andrew Perry, President FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF BATH 125 Front Street Bath, Maine 04530	109,183	92,959	78,974
Allen L. Rancourt, President KENNEBEC FEDERAL SAVINGS AND LOAN ASSOCIATION 70 Main Street Waterville, Maine 04901	55,175	29,608	41,654
TOTAL: 4	269,949	211,965	212,098

**MAINE
FEDERALLY-CHARTERED
CREDIT UNIONS**

		06/30/03	
	<u>Assets</u>	\$ in (000's)	<u>Loans</u>
Judith A. Griffin, CEO ALLIANCE OF MAINE FEDERAL CU 44 Edison Drive Augusta, Maine 04332-1086	33,206	27,552	12,668
Steve J. Obrin, CEO ATLANTIC REGIONAL FEDERAL CU 55 Cushing Street Brunswick, Maine 04011	169,172	141,809	111,760
Stephen K. Clark, CEO BANGOR FEDERAL CU 339 Hogan Road Bangor, Maine 04401	66,152	59,859	49,330
Darla R. King, CEO BANGOR HYDRO FEDERAL CU 193 Broad Street Bangor, Maine 04401	12,403	10,965	7,853
Cynthia Burke, CEO BLUE CROSS AND BLUE SHIELD OF MAINE FEDERAL CU 2 Gannett Drive South Portland, Maine 04106	6,877	5,997	3,009
Daniel A. Daggett, CEO BOWDOINHAM FEDERAL CU PO Box 73 Bowdoinham, Maine 04008	13,990	12,565	11,510
Barry A. Jordan, CEO BREWER FEDERAL CU 77 N. Main St. Brewer, Maine 04412	30,180	27,719	23,662
Beth R. Oliver, CEO CAPITAL AREA FEDERAL CU 10 North Belfast Augusta, Maine 04430	13,952	12,657	7,681
David A. Sayers, CEO CASCO FEDERAL CU 375 Main Street Gorham, Maine 04038	33,188	30,031	16,099

**MAINE
FEDERALLY-CHARTERED
CREDIT UNIONS**

		06/30/03	
	<u>Assets</u>	\$ in (000's)	<u>Loans</u>
Scott D. Harriman, CEO CUMBERLAND COUNTY TEACHERS FEDERAL CU 101 Gray Road Falmouth, Maine 04105	47,625	40,698	29,014
Rhonda M. Taylor, CEO DEXTER REGIONAL FEDERAL CU PO Box 233 Dexter, Maine 04930	47,483	42,978	28,605
Ralph E. Ferland, CEO EASTERN MAINE MEDICAL CENTER FEDERAL CU 489 State Street Bangor, Maine 04401	29,145	26,566	15,511
Daniel A. Byron, CEO EASTMILL FEDERAL CU 60 Main Street East Millinocket, Maine 04430	48,551	41,155	16,252
Bernadette N. Michaud, CEO FORT KENT FEDERAL CU 9 East Main Street Fort Kent, Maine 04743	32,937	27,666	24,365
Cass R. Hirschfelt, CEO FRANKLIN SOMERSET FEDERAL CU 485 Wilton Rd. PO Box 5061 Farmington, Maine 04938	39,455	36,014	24,037
Philip J. Bergeron, CEO GARDINER FEDERAL CU 8 Brunswick Road Gardiner, Maine 04345	13,896	12,850	11,014
Nancy Bard, CEO GREAT FALLS REGIONAL FCU 34 Bates St. Lewiston, Maine 04240	23,962	20,635	11,372
Barbara A. Haynes, CEO GREATER WATERTVILLE FEDERAL CU 50 Elm Street Waterville, Maine 04901	24,050	20,851	9,910

**MAINE
FEDERALLY-CHARTERED
CREDIT UNIONS**

		06/30/03	
	<u>Assets</u>	\$ in (000's)	<u>Loans</u>
Jeffrey M. Vachon, CEO HANNAFORD ASSOCIATES FEDERAL CU 145 Pleasant Hill Rd. Scarborough, Maine 04074	22,765	19,861	17,433
Deborah A. Pomeroy, CEO HEALTHFIRST FEDERAL CU 9 Quarry Road Waterville, Maine 04901	10,368	9,537	9,349
Kathleen, Smith, CEO HOULTON FEDERAL CU 13 Market Square Houlton, Maine 04730	13,469	11,907	7,212
Gary J. Bragdon, CEO HOWLAND ENFIELD FEDERAL CU Box 405 Howland, Maine 04448	8,440	7,828	5,962
Kenneth Williams, CEO INFINITY FEDERAL CU 202 Larrabee Rd. Westbrook, Maine 04092	127,716	91,931	98,129
Beverly W. Beaucage, CEO KV FEDERAL CREDIT UNION 316 Northern Avenue Augusta, Maine 04330	42,147	38,346	31,271
Donald P. Casko, CEO KATAHDIN FEDERAL CU 1000 Central Street Millinocket, Maine 04462	72,436	63,796	45,423
Alvera S. Bosica, CEO KNOX COUNTY FEDERAL CU PO Box 159 Rockland, Maine 04841	19,340	16,884	11,421
Anne L. Boulette KSW FEDERAL CU 222 College Avenue Waterville, Maine 04901	31,863	29,045	23,704

**MAINE
FEDERALLY-CHARTERED
CREDIT UNIONS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Shares</u>	<u>Loans</u>
Eddie A. Plourde, CEO LA VALLEE FEDERAL CU 90 Main Street Madawaska, Maine 04756	29,413	25,364	14,990
Donald S. Sansouci, CEO LEWISTON MUNICIPAL FEDERAL CU 291 Pine Street Lewiston, Maine 04243	12,422	10,731	8,687
David L. Brilliant, CEO LINCOLN MAINE FEDERAL CU Outer West Broadway Lincoln, Maine 04457	20,162	18,081	14,132
George Roy, CEO LISBON COMMUNITY FEDERAL CU 325 Lisbon Road Lisbon, Maine 04250	52,722	46,653	30,862
Ronald J. Fournier, CEO MAINE FAMILY FEDERAL CU 555 Sabattus Street Lewiston, Maine 04240	72,027	64,121	52,604
Jennifer A. Hartel, CEO MAINE MEDIA FEDERAL CU 390 Congress St. Portland, ME 04104	5,912	4,884	3,285
John C. Reed, CEO MAINE SAVINGS FEDERAL CU PO Box 347 Hampden, ME 04444	138,203	123,693	108,975
Kenneth B. Acker, CEO MEDICAL SERVICES FEDERAL CU 272 Park Avenue Portland, Maine 04104	42,005	37,656	37,687
Gail E. Richardson, CEO MIDCOAST FEDERAL CU 831 Middle Street Bath, Maine 04530	85,664	77,456	55,635

**MAINE
FEDERALLY-CHARTERED
CREDIT UNIONS**

		06/30/03	
	<u>Assets</u>	\$ in (000's)	<u>Loans</u>
Catherina A. Pinard, CEO MONMOUTH FEDERAL CU PO Box 150 Monmouth, Maine 04259	7,376	6,870	5,525
David E. Rossignol, CEO NORSTATE FEDERAL CU 78 Fox Street Madawaska, Maine 04756	82,268	67,744	63,142
Ryan G. Poulin, CEO NOTRE DAME WATERVILLE FEDERAL CU 61 Grove Street Waterville, Maine 04901	47,542	43,644	31,382
Joseph J. Chapin, CEO OCEAN COMMUNITIES FEDERAL CU 1 Pool Street Biddeford, Maine 04005	92,101	79,982	74,549
Roland L. Poirier, CEO OTIS FEDERAL CU PO Box 27 Jay, Maine 04329	77,689	63,153	50,345
Matthew J. Kaubris, CEO OXFORD FEDERAL CU 225 River Road Mexico, Maine 04257	93,608	83,247	73,800
Steve Baillargeon, CEO PENOBSCOT FEDERAL CU PO Box 434 Old Town, Maine 04468	22,879	20,759	19,206
Hosea W. Carpenter, CEO PORTLAND MAINE POLICE DEPARTMENT FEDERAL CU 109 Middle Street Portland, Maine 04101	4,473	3,985	3,648
Robert C. Hill, CEO PORTLAND ME TRANSIT FEDERAL CU 67 Allen Avenue Portland, Maine 04103	376	327	279

**MAINE
FEDERALLY-CHARTERED
CREDIT UNIONS**

		06/30/03	
	<u>Assets</u>	\$ in (000's)	<u>Loans</u>
Bert L. Beaulieu, CEO PORTLAND REGIONAL FEDERAL CU 1345 Washington Avenue Portland, Maine 04103	21,464	19,151	10,965
Lillian Turner, CEO R.C.H. FEDERAL CU 420 Franklin Street Rumford, Maine 04276	339	228	172
Philippe R. Moreau, CEO RAINBOW FEDERAL CU PO Box 741 Lewiston, Maine 04243-0741	99,793	86,202	59,261
James O'Mara, CEO RIVERVIEW FEDERAL CU 15 Depot Square Gardiner, Maine 04345	7,365	6,521	5,541
Kyle W. Casburn, CEO SEABOARD FEDERAL CU 531 Main Street Bucksport, Maine 04416	73,310	64,917	43,101
James R. Lemieux, CEO SEBASTICOOK VALLEY FEDERAL CU PO Box 10 Pittsfield, Maine 04967	31,831	26,384	26,029
Daniel A. Clark, CEO SEMICONDUCTOR OF MAINE FEDERAL CU 333 Western Avenue South Portland, Maine 04106	9,579	8,228	6,483
Debra Hegarty, CEO SHAW'S EMPLOYEES FEDERAL CU 205 Spencer Drive Wells, Maine 04090	8,745	7,180	4,799
MaryAnn Chamberlain, CEO ST. AGATHA FEDERAL CU PO Box 130 Saint Agatha, Maine 04772	13,319	12,093	6,834

**MAINE
FEDERALLY-CHARTERED
CREDIT UNIONS**

		06/30/03 \$ in (000's)	
	<u>Assets</u>	<u>Shares</u>	<u>Loans</u>
David W. Tozier, CEO ST. CROIX FEDERAL CU PO Box 130 Baileyville, Maine 04694	43,362	33,513	36,804
Nancy Bard, CEO ST. FRANCIS COMMUNITY FEDERAL CU PO Box 38 Saint Francis, Maine 04774	1,363	1,208	1,007
Vicki L. Stuart, CEO STE. CROIX REGIONAL FEDERAL CU PO Box 1746 Lewiston, Maine 04240	69,440	61,138	36,711
Sidney J. Wilder, CEO TACONNET FEDERAL CU 60 Benton Avenue Winslow, Maine 04901	29,871	27,407	20,489
Jeffrey Davenport, CEO THE COUNTY FEDERAL CU PO Box 939 Caribou, Maine 04736	80,857	71,892	51,788
Chris Daudelin, CEO TOWN & COUNTRY FEDERAL CU 557 Main Street South Portland, Maine 04106	104,135	95,112	74,715
Lewis D. Raymond, CEO WINSLOW COMMUNITY FEDERAL CU PO Box 8117 Winslow, Maine 04901	20,157	17,981	9,430
Jeffrey J. Seguin, CEO WINTHROP AREA FEDERAL CU PO Box 55 Winthrop, Maine 04364	39,165	35,536	30,687
James E. Nelson, CEO YORK COUNTY TEACHERS FEDERAL CU 870 Main Street Sanford, Maine 04073	111,650	92,991	88,291
TOTAL: 63	2,687,355	2,333,734	1,825,396

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DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION MAINE BUREAU OF FINANCIAL INSTITUTIONS

Howard R. Gray, Jr., Superintendent

Howard.R.Gray.Jr@Maine.gov

624-8575

MISSION

The mission of the Bureau of Financial Institutions is to assure the strength, stability and efficiency of all Maine-chartered financial institutions, and to assure their reasonable and orderly competition, thereby encouraging the development and expansion of those financial services advantageous to the public welfare.

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Bureau of Financial Institutions Advisory Committee During 2003

In March, 1994, the Bureau established the Financial Institutions Advisory Committee. The role of that Committee, which meets semiannually, is to review the financial issues relating to the Bureau's operation. Over the past nine years, the Bureau has benefited from the discussions and guidance of this advisory group. The following is a list of the current members of the Bureau of Financial Institutions Advisory. Special thanks for dedication and interest of these individuals serving in this advisory capacity to the Bureau.

Edwin Clift, President, Merrill Merchants Bank
Thomas Finn, Jr., President, Damariscotta Bank & Trust Company
Howard R. Gray, Jr., Superintendent, Maine Bureau of Financial Institutions
Donald W. Groves, Chief Examiner, Maine Bureau of Financial Institutions
John Murphy, President, Maine Credit Union League
Samuel Ladd, III, President, Maine Bank & Trust Co.
Colette L. Mooney, Deputy Superintendent, Maine Bureau of Financial Institutions
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Kevin P. Savage, President, Saco and Biddeford Savings Institution
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